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R. ULYANOVSKY, V. PAVLOV

ASIAN DILEMMA :
A Soviet View
and Myrdal's Concept



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CONTENTS

	<i>Page</i>
1. A Few Words About Professor Myrdal	7
2. Professor Myrdal's "Unbiased" Approach and His "Alternative, Institutional Theory"	10
3. Recognition of the Multi-Structural Nature of Society as a Methodological Basis of Research	15
4. Distribution System as a Derivative of the Mode of Production and Its Indicator	19
5. Awareness of Social Being in Conditions of Multi-Structural Societies	24
6. Essence of Stagnation, Underdevelopment and Need to Develop	28
7. The "Institutional Concept" and the Doctrine of Industriali- sation	41
8. Importance of a Comprehensive Study and All-Round Trans- formation of the Third World	47
9. Relationship of the Universal and the Particular in the Evolu- tion of South Asia	50
10. Objective Truth and Subjective Evaluations	55
11. The Theory and Practice of the Two Ways of Development .	80
12. State Regulation of the Economy. Its Aims and Possibilities— the Example of India	90
13. Some Theoretical and Practical Aspects of State-Capitalist Regulation	99
14. Elimination of Backwardness—in the Name of the People and for the People	118
15. The Democratic Essence of State Intervention in Socio- Economic Processes	124
16. Positions of Foreign Capital	133
17. The Socialist Community and the Third World	137
18. The Non-Capitalist Path as an Historical Reality	152

A FEW WORDS ABOUT PROFESSOR MYRDAL

The work of Gunnar Myrdal is the natural starting point for a discussion of the history, present situation and prospects of the countries of South Asia. He is an eminent and authoritative student of the Third World. His opinion carries weight with Western consultants to governments of developing countries, and leading officials of their planning agencies lend an attentive ear to his recommendations. His Swedish citizenship and former status as a United Nations representative, as he has said himself, make for a certain independence of judgment and entitle him to speak bitter truths to the Asian public and its leaders.

It should, of course, be borne in mind that the limitations of Myrdal's world view bind him to many bourgeois concepts and notions. Many of his arguments imply a sense of superiority. He assumes he is speaking as a representative of a more mature social system to people who have not yet rid themselves of archaic notions and traditional social institutions. For instance, when denying that Western experience can be directly applied to the situation in the Third World, Myrdal invariably emphasises that these problems have already been solved in the West.

Professor Myrdal's writings include the well-known *Asian Drama: An Inquiry into the Poverty of Nations*. Before starting on this three-volume work at the end of the 1950s, Myrdal had already been studying the situation in South and Southeast Asia for about ten years. The inquiry was commissioned by the Twentieth Century Fund, an American organisation (which published his work in New York in 1968), and also had financial support from the Stockholm International Economic Research Institute.

West European and American reviews assessed this study as a direct, candid and anxious response, capable of exerting

a lasting influence on the policy of the Third World countries. The author himself assumes that he speaks up against illusions about the situation in these countries.

Asian Drama deals chiefly with India, to a smaller extent with Pakistan, Sri Lanka, Burma, Thailand, Malaysia, Indonesia and the Philippines and, even less, with Vietnam, Laos and Cambodia.

Its main propositions are as follows:

the mass of the population in South and Southeast Asia is in an impasse, it is gripped by apathy bordering on despair;

social and material inequality is acute and is becoming even more so;

in the face of widespread starvation and undernourishment, agriculture remains primitive, agrarian relations are archaic, the peasantry is deprived of the land and has no economic stimulus to raise productivity on leased land; the population is growing at an unprecedented rate, making an already difficult situation worse;

labour in general is of low productivity; physical labour, including work for hire, is regarded with contempt and people seek to avoid it; poor health standards shackle any attempt to raise labour productivity;

the population is predominantly illiterate, and the overwhelming majority of children have so far had no opportunity of even a primary school education;

industrialisation in the past did not produce the expected results, and will not do so for several decades; the development of industry has done little to increase employment of the national income; the gap between the numerous prestigious projects fathered by the elite and the "harsh reality" continues to widen;

all countries of South and Southeast Asia are "soft states" which often do not implement the policies they proclaim;

changes in the living conditions of these countries will require a readiness to place obligations on people in all social strata, and rigorous enforcement of obligations.

Myrdal's assessments of the socio-political situation in some South and Southeast Asian countries are of definite interest. They are realistic, though somewhat one-sided. It should be borne in mind that they relate to the mid-1960s and, as regards some countries, are either outdated or in need of considerable adjustment.

More clearly than many authors before him, Myrdal expresses the view now current among the radical wing of bourgeois economists that economic growth factors are not of key importance for Third World countries. He and his associates have put forward a new sociological concept of the reasons for these countries' lack of progress and low standard of living.

According to this concept, all the troubles of these countries and their peoples stem chiefly from the domination of archaic, utterly obsolete social institutions and views which permeate the entire system of their social, economic and spiritual life. Myrdal criticises the numerous "economic growth theories" which proclaim the principle of "automatic" change in the social and institutional structure in the process of technico-economic modernisation.

He holds that a fundamental change of the backward, inefficient social and political institutions is of decisive importance for successful technical and economic development, or the attainment of what he calls "the modernisation ideals". These can be attained only by undertaking, simultaneously with technico-economic modernisation, measures for eliminating the obsolete views and outlooks prevailing in the psychology of a people. Not without ground, he believes that people's views of life and labour, their attitude to work must be refashioned.

A sense of labour discipline, order, accuracy and punctuality, he asserts, is lacking among all sections of the population in South Asia. Harmful superstitions are still strong and the ability to respond and adapt swiftly to new developments is low. Experimentation, healthy ambition, enterprise and initiative are not developed. Submission to the authorities and to exploitation is deeply ingrained in the popular psychology and people's ability to take collective action is low. All this paralyses technico-economic modernisation and, consequently, predetermines a widening of the already big gap in the standard of living between economically advanced and backward countries of the world. Having marshalled a vast amount of factual material to prove his point, Myrdal then tries to see the factors of backwardness and progress in a new correlation and expound the principles of what he calls an "alternative theory" of development.

In 1970, Professor Myrdal published another work, *The*

Challenge of World Poverty. A World Anti-Poverty Program in Outline, which is a general continuation of *Asian Drama*. In his preface to this new book he deplors the fact that *Asian Drama* was interpreted as an attack on aid to the developing countries, "which pleased the conservatives and still more the reactionaries in Western countries".¹ It must be conceded that some passages and propositions in the study furnish grounds for allegations that, regardless of the scope of aid given to South Asian countries, they cannot be extricated from the morass of stagnation. Perhaps these contradictions appeared in the three volumes as a result of Professor Myrdal's enlistment of Western colleagues. Be that as it may, we can only welcome the new book, in which his own stand is presented with greater consistency.

The first two parts of the new book largely repeat the main propositions of *Asian Drama*. But the third part, dealing with the responsibility of developed countries, is quite new and does much to supplement the earlier work in its weakest spot, an analysis of the economic and political position of South Asian countries in the modern world. At the same time Myrdal's new work widens the possibility of arguing with him on Marxist grounds.

PROFESSOR MYRDAL'S "UNBIASED" APPROACH AND HIS "ALTERNATIVE, INSTITUTIONAL THEORY"

Formally, in his fundamental work *Asian Drama*, Gunnar Myrdal makes no claim to theoretical originality since he calls his method of study an "institutional approach", assuming that it is a continuation of the traditions of the "classical school" in economics (from Adam Smith to Karl Marx). The essence of this approach, as he defines it, is that "history and politics, theories and ideologies, economic structures and levels, social stratification, agriculture and industry, population developments, health and education, and so on, must be studied not in isolation but in their mutual

¹ G. Myrdal, *The Challenge of World Poverty. A World Anti-Poverty Program in Outline*, New York, 1970, pp. IX-X.

relationships."¹ At first glance such a formulation of the question evokes no objection. But what matters is how this principle is applied to a definite scientific study. One can study every point in isolation and stop at that. And quite the reverse, it is possible to study all points in their mutual relationship without examining anything in isolation. In both cases the study will be one-sided. What one can and should do, of course, is to study all points both in isolation and in their mutual relationship, which ultimately means to study dialectically. The moment one begins to read Myrdal's work, one is faced with a difficulty as to his method of inquiry: to what extent is it objective and, consequently, scientific. The difficulty in assessing the "institutional approach" is of a dual nature, first with respect to scale and method of the study, and, second, whether it is successful in establishing essential relationships.

The author sees the critical part of his task in refuting the existing, "biased" notions about developing countries. Professor Myrdal is, we would say, especially hard on his colleagues from socialist countries, who, he thinks, have a whole complex of bias to get rid of. It would be easier to argue with him about the so-called biased approach of economists of socialist countries if he offered any proof of this "bias", but no concrete instances and evidence are offered to corroborate his evaluation.

Of course, we could ignore the charge altogether, but it is too serious for us not to say from the very outset that on this point we do not agree with the author of this interesting work which, not without grounds, can claim originality.

To begin with, by way of demonstrating the superiority of his "institutional" over the Marxist method, Myrdal ignores the unique studies of the life, economy, struggle and progress of the former colonial and dependent countries and peoples, which have been made by Marxists in the last 25 years. A man who knows enough of the requisite languages is certainly aware that in the last 10-15 years Marxists of the socialist countries have made noticeable headway in studying the processes under way in Third World countries, in coming

¹ G. Myrdal, *Asian Drama: An Inquiry into the Poverty of Nations*, Vol. I, New York, 1968, p. X.

to grips with their intricate problems and how to solve them. And they have never had the onesidedness that would be produced by the kind of rigid political "bias" of which Myrdal speaks in the Preface to his work.

Nor can we agree that researchers from socialist countries have made no significant or original contribution to the study of the development problems of poor countries. This groundless statement shows, on the one hand, that Myrdal is uninformed about the numerous and, we shall take the liberty of asserting, highly valuable works of Soviet, Polish, Hungarian and other Marxist researchers in the last decade and, on the other, reveals his generally biased attitude in assessing the studies made in the socialist countries. Professor Myrdal, repeatedly stressing his radical stance in raising problems of developing countries and defining his position as a scholar standing above partisanship in science, or above "bias", at times displays a tendency to accept run-of-the-mill anti-communism.

Those who claim that they stand above the battle have always been inclined to identify the principle of partisanship in science with bias and to follow it up by counterposing partisanship to objectivity. Let us say at once that Myrdal's notions about the unscientific and unobjective nature of the partisan approach to study, because of its supposedly built-in bias and dogmatism, are deeply erroneous. Long, long before Myrdal formulated his "institutional approach" to the study of realities in developing countries or, as he calls it, the "alternative theory", which would make it possible to obtain a coherent and systematic notion of what is happening there, Lenin aptly formulated the principles of the scientific and partisan approach needed for making a really objective study. We take the liberty of quoting them at length so that the reader may see how much fuller, richer, more comprehensive and forward-looking they are than Myrdal's "institutional theory".

"The inference is clear: we must seek to build a reliable foundation of precise and indisputable facts...", Lenin wrote. "And if it is to be a real foundation, we must take not individual facts, but the *sum total* of facts, without a *single* exception, relating to the question under discussion. Otherwise there will be the inevitable, and fully justified, suspicion that the facts were selected or compiled arbitrarily,

that instead of historical phenomena being presented in objective interconnection and interdependence and treated as a whole, we are presenting a 'subjective' concoction. . . ."¹ And also: "Minor facts, if taken out of their entirety, out of their interconnection, if they are arbitrarily selected and torn out of context, are merely things for juggling, or even worse."² Undoubtedly, Myrdal's scientific approach to studying the Third World merits serious attention. It is more fruitful than the numerous and bulky works of bourgeois scientists, among whom there are quite a few sycophants of neo-colonialism. But unfortunately such a serious scholar as Professor Myrdal starts his work with a futile and unsuccessful attempt to "berate" the Marxists.

We are deeply convinced that a strict scientific analysis of objective reality is quite compatible with partisanship in science. In fact, we believe that it is impossible without such partisanship. An objective scientific analysis by no means runs counter to a class, i.e., partisan approach. It is such an approach that leads the researcher onto the right road. Actually Myrdal himself does not stand on positions that are above class. Indeed his positions are anti-colonialist and anti-neo-colonialist, and this is sufficient for us to say that they are close and comprehensible to Marxists, notwithstanding his avowed sceptical attitude towards Marxist research.

When reading Myrdal's works, one at times gets the impression that he has sought to balance his criticism of Western bourgeois scientists and of Marxists in order to demonstrate his own special objectivity. It is a very obvious kind of trick and it demonstrates the author's inconsistent, illogical and wavering ideological position on a fundamental question—how, with whom, with what forces to go forward in studying and, above all, transforming the countries of the Third World.

Myrdal asserts, for instance, that to the extent to which a general theoretical basis of classical (including Marxist) political economy exists, the bias of Western economists is often similar to the bias of economists from the socialist countries. Specifically he reproaches "Western economists" who, in his opinion, have accepted Marx's proposition that

¹ V. I. Lenin, *Collected Works*, Vol. 23, pp. 272-73.

² *Ibid.*, p. 272.

the influence of industrialisation and capital investment in general spreads swiftly to other sectors of the economy and also to social institutions. But this is not a Marxist proposition, it is a crude opportunist vulgarisation conceived in the imagination of anti-Marxists. Marxism has always regarded both industrialisation and the primitive accumulation of capital that precedes it as ultimately the result of class conflict, which makes use of and transforms slowly or swiftly (in the course of revolutions) the corresponding social institutions.

This approach is, of course, also reflected in the Marxist literature directly dealing with problems of developing countries. Thus, a monograph *On a New Road* (Moscow) written in 1967 by a team of Soviet authors, points out that the "process of industrialisation of Afro-Asian countries entails much more than industrial construction as such. In present-day conditions industrialisation gradually determines the reconstruction of the main sectors and the creation of a country's material and technical basis. This process includes the *transformation of the social pattern* [our italics—authors], a change in the place and role of a country in the world economy" (p. 220).

Myrdal continues to refute the "assumption" he himself imputed to the Marxists about the direct connection between social changes and the advance of the economy, and asserts: "... 'economic' policies are undoubtedly easier to carry out than are social policies that challenge vested interests, violate deepseated inhibitions, offend cherished traditions and beliefs, and work against the heavy weight of social inertia."¹ That this statement is unjustifiably categorical is evident if only from the experience of revolutionary changes in the Soviet Union. Indeed, two main "challenges to vested interests"—the "red guard" attack on big capital in 1917-1918 and the collectivisation of agriculture in 1929-1930—were effected comparatively fast, but the first attack was followed by measures in the economic sphere which culminated in the restoration of the economy in the second half of the 1920s; while full-scale industrialisation, which began in 1927, preceded the collectivisation of the 1930s and then accompanied it up to the complete transformation of agriculture.

¹ G. Myrdal, *Asian Drama*, Vol. III, p. 1907.

In general, the question, what measures—political, social or economic—demand greater time and effort, and the sequence of these measures themselves, is decided according to the concrete situation in a country. In the spring of 1918 Lenin pointed out that the proletariat's winning of power in Russia had been easier than in Germany, but in the latter, after coping with the difficult problem of power, it would be easier to build socialism.

The world historical process has shown how important it is to unravel the problems of the general crisis of capitalism, the disintegration of the colonial system, the theory, strategy and tactics of the national liberation struggle of the peoples of Asia, Africa and Latin America, and the problems of neo-colonialism—this gravest menace for the newly-free peoples.

To arrive at genuinely scientific, objective conclusions about the present and future of the Third World the researcher must take a principled stand based on a study of all the facts and processes and on the examination of these facts and processes in their dialectical interconnection, with due regard for the world revolutionary situation and its prospects. The continuous generation of new social forms of struggle and their constant enrichment are compelling economic science at every new stage to reappraise the past periods in the development of the Third World. Science in general, economics in particular, is constantly progressing not only because of the widening historical experience of mankind, but also because every fundamental study, provided it is based on a correct method, becomes a milestone in appraising this experience.

RECOGNITION OF THE MULTI-STRUCTURAL NATURE OF SOCIETY AS A METHODOLOGICAL BASIS OF RESEARCH

A specific multi-structural pattern, which includes vast spheres of archaic traditional relations, is characteristic of South and Southeast Asian countries. Myrdal, however, does not accept the time-tested Marxist-Leninist theory of socio-economic formations and structures and assumes that his "alternative institutional theory" is more likely to lead to "unbiased" results.

We are fully aware that an approach to studying a given society primarily as multi-structural one by itself does not yet offer a solution to the problem, but merely paves the way to it, and it does this not by simplifying and reducing, but by complicating and extending the front of research. It would be wrong to think that it is merely a matter of determining the concrete relationships of the different structures in the given socio-economic formation.

Yet the specifics of a given pattern stem not only from the unique nature of inter-structural proportions, but also from the national concrete features of each structure separately and, correspondingly, in interaction with other structures. Marx remarked on this score: "... Events strikingly analogous, but which take place in a different historical environment, lead to entirely different results. Studying each of these evolutions separately and then comparing them, it is easy to find the key to understanding this phenomenon; but this understanding can never be attained by utilising a universal master-key in the form of a general historico-philosophical theory."¹ Engels emphasised that the laws of society do not have "any reality, except as approximation, tendency, average, and not as *immediate* reality".²

In conditions of developed capitalist production, according to Lenin's definition, even simple commodity production not only becomes a reserve of capitalism but also one of its varieties. "... This category includes every small commodity-producer who covers his expenditure by independent farming, provided the general system of economy is based on the capitalist contradictions...", irrespective of whether he employs wage labour or not.³ This statement furnishes another major methodological criterion for classification.

But even having established what "structures" a given type of economy possesses we only begin to approach the problem of indicators for determining the place and role of individual structures, in particular, which of them is decisive. Economic studies usually give priority to two indicators, the share of the given structure in the gross national product

¹ *Arkhiv Marks'a i Engels'a* (Archives of Marx and Engels), Vol. I, 1934, pp. 254-55.

² K. Marx and F. Engels, *Selected Correspondence*, Moscow, 1956, p. 563.

³ V. I. Lenin, *Collected Works*, Vol. 3, p. 311.

on the one hand and in the gainfully-occupied population on the other. But the research and the theoretical propositions of the founders of Marxism-Leninism demonstrate the inadequacy of these indicators.

Differences in the conditions of price-formation in various structures alone make the first indicator unreliable and, in any case, inexact. But, more important still, the volumes of the national product comparable in value may sharply differ in material content and, specifically, in the quantity and quality of reproduction elements. Furthermore, it is highly important to what extent these elements form part of the necessary product and of the surplus product. Marx noted that "surplus-value is convertible into capital solely because the surplus-product, whose value it is, already comprises the material elements of new capital".¹

The bigger the share and the volume of the surplus product of any structure, the greater its importance in the life of society. But no less significant is the distribution of the surplus product by its appropriators between the accumulation fund and the consumption fund. Speaking of the abstemiousness of the bourgeois, Marx ironically remarked: "The world still jogs on, solely through the self-chastisement of this modern penitent of Vishnu, the capitalist."² The example of India proves that the volume of the surplus product is by no means adequate to the scale of extended reproduction in the structure where it is created; more than that, under a certain system of redistribution this volume may predetermine both the stagnation of the given structure and of the entire national socio-economic pattern, or largely be spent on the swift expansion of production in another structure (for example, the outflow of resources from small-scale agriculture into large-scale industry).

In some cases the redistribution system and its corresponding institutions, failing to meet the needs of extended reproduction, help to perpetuate the domination in society of strata which live off the surplus product in the given structure.

When we examine the conditions of the crystallisation of a ruling class over a long historical period, we find that the

¹ K. Marx, *Capital*, Vol. I, Moscow 1965, p. 581.

² *Ibid.*, p. 597.

division of the surplus product appropriated by the ruling class into the consumed part and the part used for extended reproduction comes into a definite contradiction with regard to the reproduction of this class as such: the bigger the surplus product consumed by this class, the more numerous it is today. But without allotting the necessary part for extended reproduction, the ruling class, as it were, devours its future, dooming its own lower strata to degeneration (although in traditional societies this does not entail the immediate loss of social privileges).

Recognition of the multi-structural nature of a society necessitates a more discriminating approach to institutions of the superstructure. Naturally, in any given society the state superstructure of the structure that determines the social system of this society is predominant. But the system of superstructural institutions also includes social institutions of socio-economic structures which are either withering away or, on the contrary, are emerging. In the process of prolonged coexistence they are subjected to reciprocal influences, which in conditions of general social stagnation leads to the drawing together of their formal organisations and functions. For example, features of tribal solidarity, slavish submission, guild and estate organisations were found in the system of India's caste institutions. At different levels of the caste hierarchy these features were displayed in different degrees or were totally absent. But even at the highest levels of the state machine and the army, relations of domination and subordination, inherent in the tribal or slavery system, were widely practised. In this sense India did not know ruling-class vassal hierarchy of homogeneous estates, as was the case in feudal Western Europe (although there, too, some alien elements found their way in).

The relationship of forces between separate groups of the exploiting classes in India was not a simple adequate reflection of their numerical strength or place in the country's economic and ideological life. Thus, the Mogul nobility yielded pride of place in these respects to the Indian land-owning strata taken as a whole. But for more than a century and a half the former held the upper hand because of their greater cohesion, centralisation and military-political mobility. Hence the tendencies represented by the interests of the local landowners were not materialised for a long

time, and the appropriate shifts in the socio-economic pattern were retarded.

Similarly, the place of the labouring classes in economic, political and ideological life cannot be determined by their numerical strength. The growing expenditure on reproduction and on technical equipment tends rather to limit the volume of labour as the transition is made from archaic to historically progressive structures. A rise in the labour productivity of individual workers in various structures also operates in the same direction. But workers employed in the more productive spheres can compensate for their relatively small numbers by greater cohesion, culture, activity and other advantages. In this sense present-day proletarians are farthest removed from persons engaged in the natural-patriarchal economy, and between the two groups we find a whole gallery of workmen of various production types and social nature. These factors are also important for determining the place of a given structure in the pattern of society.

So, even from these brief considerations, it is clear that the approach of Marxism-Leninism to assessing the socio-economic pattern of society is entirely different from what Professor Myrdal assumes. But the matter is not limited to production and social indicators. The system of distribution is a major feature of a society.

DISTRIBUTION SYSTEM AS A DERIVATIVE OF THE MODE OF PRODUCTION AND ITS INDICATOR

The numerous distribution systems are just as complex and specific as the socio-economic patterns of South Asian countries. That is why we shall dwell on only one of them, the Indian, as the one we have studied most and know best. We shall, of course, also refer to some of the general propositions of Marxism-Leninism defining the place of distribution.

Up to the winning of independence, the surviving Indian superstructural institutions and those introduced by the British regime continued to play a very active part in the redistribution and consumption of the national product with a relatively small participation of both in productive accumulation. This mixed system of redistribution was superimposed

on, and influenced the even more complex system of the movement of the product along the channels of the social division of labour, which in a contradictory way combined and included the circulation of the product within the bounds of micro-districts (units of the jajmani type, village community, rural locality), of the emerging national market and, lastly, the world capitalist market.

Myrdal's calls for eliminating the traditional institutions as the main stumbling block to progress would carry more weight and be more constructive were he to reveal their functional mechanism. The secret of the stability of traditional institutions is rooted not so much in the strength of the subjective notions and "approaches", and not even in the indisputably important role of mass social psychology as in the fact that these institutions continue to perform a number of very important functions, because the new functional mechanism has not yet taken shape or has not yet gained sufficient prestige. In particular, most of the traditional institutions have retained the important function of redistribution of the product, chiefly that of agriculture and the crafts.

The traditional and still tenacious systems of redistribution of the product differ as regards scale and institutions (clan, tribe, big undivided family, Indian system of relations between the farming part of the village and craftsmen, servants and officials, the rural community itself, caste, religious-communal organisation, and so on). The principles of redistribution also differ—from remuneration for definite labour or social services up to charity allotments and tribute to a privileged individual in a given group. The scale of remuneration is usually determined by a person's position in the social hierarchy of this group which, therefore, acts as the initial unit, the vehicle of socio-class inequality on a national scale (although in any South Asian country class differences engendered by capitalism have long since been superimposed on this traditional inequality and exert increasing influence). Under this traditional system, labour or any other socially-useful activity receives only an indirect, very inexact evaluation. The impression is created that the influence of economic incentives inherent in capitalism, as it were, becomes frozen in such a traditionally organised environment. Hence we can understand the position of P. C. Mahalanobis,

eminent ideologist of state control in India, who calls for relentless attacks on the authoritarian structure of social institutions that support inequality, social stagnation and religious rites and practices devoid of any spiritual value.

But the difficulty is that any system which destroys the traditional pattern with its *jajmani* system of redistributing the product, must the very next day offer, and not only offer but also institute its own system of redistribution which, moreover, must be acceptable to the lower working strata. It should also be borne in mind that during this replacement any failures will affect very painfully the most impoverished elements of the traditional structure, who have no stocks of food and other material goods to "weather" the transition period until the socio-economic and technical changes begin to bear fruits.

No wonder then that it is the poorest sections of the population, especially in the countryside, that often treat with great distrust and apprehension any calls to break up a system of social relations which for centuries has maintained their existence, though, as a rule, at the lowest physical boundary. Only if the new system of labour remuneration, which is more advantageous than the old and is clear and comprehensible to a peasant, artisan and small tradesman, is put to the foreground in the programme of changes—only then can this system become acceptable to them.

As factory production appeared in India the interaction of the multi-structure pattern of production relations with the methods of distribution based on different principles became unusually contradictory. A new type of production inevitably gives rise to a corresponding method of distribution. Engels pointed out that "the method of distribution essentially depends on *how much* there is to distribute, and ... this must surely change with the progress of production and social organisation, so that the method of distribution may also change".¹

The output of an average capitalist production unit (a factory) is naturally thousands of times greater than that of a typical economic unit of the traditional type. Hence the

¹ K. Marx and F. Engels, *Selected Correspondence*. Moscow, 1956, p. 496.

formation of a capitalist apparatus of redistribution in India (banks, managing agencies, trading firms, and so on) as the tax system of the Indian feudal states was replaced by the British Treasury. Multi-structural production was reflected and continued in multi-structural circulation (although in Indian conditions the sphere of circulation was much narrower than the entire redistribution system).

The consequences of the multi-structural pattern in the circulation sphere are displayed in the heterogeneity of the commodity mass not only in assortment (inevitable) but also in production conditions and, consequently, the mass and rate of profit incorporated in different commodities of comparable cost. Loan capital is similarly varied in origin and application, this being expressed in the different rates of interest, duration of loan and, most important, in the degree to which it is linked with production and able to reorganise it on a different technological basis. Of course, in the circulation sphere the boundaries of structures, as it were, are eroded and are not so distinct as in the sphere of production (for instance, the activity of merchant and usurious capital in small-scale commodity and early capitalist production). Nevertheless a criterion like the forms and conditions of the link-up with production offers here, too, a sufficiently clear inter-structural guidepost.

The mobility of capital in the circulation sphere, its "gravitation" toward one or other structure and the degree and terms of its participation in that structure's production largely predetermine the proportions and dynamics of multi-structural economies. Moreover, capital in the circulation sphere may be transformed into a qualitatively different state, linking up with one or another type of capitalist production and providing thereby a fundamentally new, capitalist principle of redistribution. This is understandable because, as Marx noted, pre-capitalist production was aimed chiefly at producing use-value, which means, "on the one hand, that circulation has not yet established a hold on production, but is related to it as to a given premise. On the other hand, that the production process has not yet absorbed circulation as a mere phase of production. Both, however, are the case in capitalist production."¹

¹ K. Marx, *Capital*, Vol. III, Moscow, 1966, p. 328.

Under pre-capitalist modes of production, Marx went on taking this idea further, merchant capital "appropriates an overwhelming portion of the surplus-product partly as a mediator between communities which still substantially produce for use-value, and for whose economic organisation the sale of the portion of their product entering circulation, or for that matter any sale of products at their value, is of secondary importance; and partly, because under those earlier modes of production the principal owners of the surplus-product with whom the merchant dealt, namely, the slave-owner, the feudal lord, and the state (for instance, the oriental despot) represent the consuming wealth and luxury which the merchant seeks to trap. . . ."¹

In these conditions merchant's capital mediates not so much between different spheres and types of production as between owners of the surplus product removed from these spheres of production. That is why merchant capital, as a rule, does not invade the lower levels of the redistribution system but concentrates at its higher levels. The necessary product (in the broader sense, including the elements of production) is redistributed primarily on the basis of natural consumption, exchange or remuneration. We are, of course, ignoring the intervention of usurious capital in small-scale natural production.

So, in a multi-structural economy, which includes capitalist production, merchant capital is for a time indifferent to the conditions under which the products entering circulation as commodities are produced, whether this is a primitive-communal, slave-owning, small-peasant, petty-bourgeois or capitalist economy. "The extremes between which merchant's capital acts as mediator," Marx pointed out, "exist for it as given, just as they are given for money and for its movements. The only necessary thing is that these extremes should be on hand as commodities, regardless of whether production is wholly a production of commodities, or whether only the surplus of the independent producers' immediate needs, satisfied by their own production, is thrown on the market."²

Just because merchant capital is to a certain degree indifferent to the socio-economic environment (and its

¹ *Ibid.*, pp. 330-31.

² *Ibid.*, p. 325.

individual components) in which it operates we are better able to understand the vast geographical scope of the activity of Italian, Arab, Indian, Chinese and other merchant capitals in the Middle Ages (not to speak of English and Dutch merchant capitals of modern times). But this indifference had not only an external but also an internal side—the absence of, or little-developed interest in the socio-economic changes of its own country. This peculiar feature of merchant capital, its social conservatism, stands out clearly in the context of the traditional patterns of Asian countries.

Thus the most important socio-economic features of the predominant structure appear to be the following: better technical equipment, better organisation of labour and, correspondingly, higher labour productivity; production (in the given structure's sphere) of the main mass of surplus product; maximum influx of this product into the highest, centralising links of the redistribution system; its materialisation in the most sophisticated consumer and producer goods, predominant influence exerted by the productively used part of the structure's surplus product on the national process of reproduction, i.e., accumulation (the latter indicator is particularly applicable to the capitalist structure); predominance of the product of the given structure in the maintenance of the ruling classes, the personnel of the superstructural institutions, the apparatus of compulsion and ideological influence; place held by the ideology of the class ruling the given structure in the prevailing views and social ethic on which the intensity of vital, particularly labour, efforts and the urge to obtain material goods depends.

AWARENESS OF SOCIAL BEING IN CONDITIONS OF MULTI-STRUCTURAL SOCIETIES

The ruling classes of the main structures claim to be aware of social being and to be able to interpret it. Naturally, they try to impose their views on the working mass of "their own" structure: slave-owners, on the slaves; feudal lords, on the serfs; the bourgeois, on the proletarians. At the same time the ruling class of the leading structure usually seeks

to impose its ideology on the entire society, presenting it as universal, as the ideology of the "whole country", of the "entire nation", and so on.

The structural pattern of medieval India is still a matter for research, but it is already clear that it contained, alongside the dominant feudal structure, considerable residues of clan and tribal relations and partly of slavery which in a number of regions made up structural patterns. It is also clear that elements of the small-scale commodity structure (with individual centres of capitalism) also existed, especially in the urban crafts. Moreover, Indian feudalism itself took many different forms. All this led to exceptional diversity in the conditions of social being of India's working masses, and the level of their material and spiritual culture.

It is possible that the prolonged historical coexistence of the various sections of the toiling masses, with essential differences in living conditions and a corresponding diversity of social ethic, helped to consolidate the rigid caste regulations of Hinduism, while at the same time allowing within its fold different doctrines, sectarian tendencies and philosophical trends. In any case two obvious differences between Hinduism and other religions—open and direct insistence on special rules of social behaviour and aspirations (eating habits, dress and so on), and tolerance for ideological pluralism among its adepts—still require historical and sociological explanations.

The socio-economic processes which began in India after the British conquest, specifically expansion of small-scale commodity production and the formation of the capitalist structure, led to the further fragmentation of social being and social consciousness. In the new conditions labour and the product not only entered, to use Marx's words, "the transactions of society, of services in kind and payments in kind" (as under feudalism), but also increasingly assumed "a fantastic form different from their reality" (as in capitalist commodity production).¹ To be sure, in his daily round the Indian peasant or artisan appropriated or, on the contrary, alienated the product as a result of direct and understandable personal relations and also through trade, in which he was confronted with "the whole mystery of commodities, all the

¹ K. Marx, *Capital*, Vol. I, p. 77.

magic and necromancy that surrounds the products of labour as long as they take the form of commodities".¹ In this respect British rule appeared before the Indian toiler in a dual aspect: personal, as the appropriator of part of his product, and mystical, as the owner of the commodity produced by unknown labour in unknown conditions and at an unknown cost.

Moreover, in India "the immediate social form of labour" could be both "the particular and natural form of labour" and "its general abstract form ... as in a society based on production of commodities".² Accordingly, the surplus unpaid labour could be expressed here both as rent and as profit.³ That is why the Indian working people were subjected to extra-economic, compulsory forms of exploitation (taxes, rent and duties) and also to merchant-usurious and more or less purely capitalist forms. Paraphrasing Marx, it may be asserted that Indian social relations in labour from the mid-19th century were displayed both as their own personal relations and also assumed the "shape of social relations between the products of labour".⁴

In Christianity the dualism of social consciousness in the period of transition to capitalism found a more or less adequate, though contradictory reflection during the bourgeois reformation of the church. But neither of the two great religions of India underwent even the initial stages of bourgeois reformation. Moreover, even the maturity of Hinduism as the ideology of developed feudalism, in our opinion, is not indisputable. Jainism, Sikhism and Nestorian Christianity remained socially and geographically localised religions and it is by no means obvious that they were ready for bourgeois reformation. In brief, 18th-century India did not have a class or large social group "equipped" with an ideology that could combine the vital aspirations of this class or group with the general interests of the people.

As a matter of fact, all the existing ideologies in principle justified the existing system of redistribution of the product and only in exceptional cases tried to change it in some way. For this reason regimentation of consumer aspirations and.

¹ K. Marx, *Capital*, Vol. I, p. 76.

² *Ibid.*, p. 77.

³ *Ibid.*, Vol. III, p. 790.

⁴ *Ibid.*, Vol. I, p. 77.

together with them, the very way of life of Indians of different social degree, was an inalienable part of the traditional ideologies of India and the corresponding institutions. In the regimentation system, moreover, paramount importance belonged to the share of appropriations allotted for maintenance of the bearers and mouthpieces of Hinduism, Islam and other religions, thus intensifying their social conservatism and, particularly, adherence to traditional institutions.

In more modern times, when the most acute social conflicts were already mediated by the invasion of capitalism, the traditional religious consciousness served as a basis for a conservative reaction to the newly-emergent phenomena and processes. At the same time no narrow class ideology, including even bourgeois nationalism in a more or less "pure" form, could take the place of the religious world view as the "working", everyday ideology of the majority of the population. In this situation the appearance of Gandhism as an ideology laying claim to nation-wide perception and recognition seems to us a quite natural phenomenon. Moreover, for a while the strong aspect of this ideology was its seemingly weak features—vagueness, eclecticism and evasion of the class issue; it was for this reason that its socio-economic programme was widely accepted, at least, at the stage of the struggle for independence.

After independence was won and the economic and socio-class aspects of the struggle for social progress came to the fore it was necessary to formulate a more definite programme of changes than Gandhi had proposed. However, both the theory and practice of Indian planning, especially its declarations, contained several elements of social compromise (with obvious preference being given to the propertied classes). In conditions of exacerbated class contradictions this programme met with less and less mass support, this being one of the reasons for the crisis that eventually overtook the ruling party (the Indian National Congress). Nevertheless it is still difficult to predict with any confidence when the ideology of social compromise and reconciliation will yield its leading place to ideologies with precise class positions. Ultimately this depends on the pace, scale and acuteness of socio-economic developments.

In the ideological sphere the contradictoriness of the

situation becomes especially clear when the leading structure, which in many respects has already begun to play a formation-moulding part, does not yet employ the majority of the population in its sphere, i.e., does not yet dominate the social pattern.

In this situation forcible ideological expansion quite often serves as a kind of extra-economic battering ram for capturing the social environment of the more archaic structures (for example, the conversion of the patriarchal peasantry to Christianity or Islam by the feudal or feudalised nobility). In such cases, the upper strata of archaic structures often act as defenders of the "old faith" and the traditional institutions, the abolition of which would entail their removal from leadership in redistributing the social product, and the loss of their customary social status.

The question of whether outside contacts are beneficial or harmful to the birth and development of one or another structure demands special study as applied to a given country, definite time and definite situation. In any case, it would simply be wrong to assert that economic contacts between similar structures are invariably mutually beneficial. At the same time such contacts, especially in the case of capitalist competition, spur on development and compel one country to be swifter in applying the technological achievements of another. In any case, the consequences of contacts between a given structure and the outside world in many respects clarify its place in the socio-economic pattern of a given country.

These remarks concerning the complex of interrelations and mediating factors in multi-structural societies represent only a very brief account of some of the concepts which have been developed in Soviet Oriental studies. But even they, in our opinion, show how oversimplified Professor Myrdal's understanding is of the Marxist method of studying socio-economic patterns.

ESSENCE OF STAGNATION, UNDERDEVELOPMENT AND NEED TO DEVELOP

Professor Myrdal reproaches contemporary Western bourgeois economists for avoiding the problems of the essence of underdevelopment and needs to develop. This reproach is

the more justified, both morally and historically, because the mercantilists and classics of English political economy in their theories of world economic relations paid considerable attention to the countries which now make up the Third World, including South Asia. But as capitalism developed in Western Europe and then spread to North America, Australia, Japan, South Africa and some enclaves in the Third World, its theoreticians showed an increasing tendency to confine the range of their studies to capitalism as such. Only the "communist challenge" has compelled them to venture beyond the bounds of the Western world (we naturally do not include in the category of such theoreticians genuine Western scientists, and among them Professor Myrdal who rightly dissociates himself from the former).

The Marxist approach to "underdevelopment" is far from the making of mere arithmetical comparisons of per capita national income (which should be obvious from our consideration of the indicators that determine the place of a given structure in the socio-economic pattern). Per capita national income is important but not decisive evidence of the development of a given society.

As early as 1857 Marx spoke out against simplified notions of progress: "*The unequal development of material production, and, e.g., that of art.* The concept of progress is on the whole not to be understood in the usual abstract form. This disproportion is not as important and difficult to grasp as within concrete social relations."¹ So we see that, according to Marx, the disproportion between the development of material production and practical social relations is an especially important, though very difficult object of study. Here we find nothing to suggest the automatic equating of social relations with the development of production (which Myrdal imputes to Marxism). Even if such a disproportion is eliminated (never absolutely), this happens in the course of great social upheavals and transformations. That is why Marx and Engels never reduced the problem of the backwardness of the East to a mere comparison of East and West in the sphere of material production. For them stagnation of the social pattern was the chief indicator of backwardness.

¹ K. Marx, *A Contribution to the Critique of Political Economy*, London, 1971, p. 215.

To demonstrate this point let us once again recall how in 1853 Marx described the "social system of particular features" which arose in India, as "the so-called *village system*, which gave to each of these small unions their independent organisation and distinct life. . . . These small stereotype forms of social organism have been to the greater part dissolved, and are disappearing, not so much through the brutal interference of the British tax-gatherer . . . as to the working of English steam, and English Free Trade. . . . Now, sickening as it must be to human feeling to witness those myriads of industrious patriarchal and inoffensive social organisations disorganised and dissolved into their units, thrown into a sea of woes, and their individual members losing at the same time their ancient form of civilisation, and their hereditary means of subsistence, we must not forget that these idyllic village communities, inoffensive though they may appear, had always been the solid foundation of Oriental despotism, that they restrained the human mind within the smallest possible compass, making it the unresisting tool of superstition, enslaving it beneath traditional rules, depriving it of all grandeur and historical energies."¹

We have taken the liberty of presenting this lengthy quotation because it goes more accurately to the heart of the question of the conservative role of traditional institutions than Myrdal does in his work.

Indeed, according to Marx, the traditional institution of the village community emits a whole stream of diverse influences in different directions but they are of an equally conservative nature. Some of them moulded a historically concrete personality devoid of creative energies; others bolstered up Oriental despotism. If we add the idea which Engels expressed at that time that capitalist accumulation was impossible in conditions of Oriental despotism, we have here the initial comprehensive approach of the founders of Marxism to the problem of stagnation and backwardness of Asian society by the mid-19th century.

Translating their thoughts from the poetic language in which they were expressed into the formalised propositions of contemporary sociology, we obtain a model of a dual social

¹ K. Marx and F. Engels, *On Britain*, Moscow, 1962, pp. 395-97.

structured organisation in which the totality of micro-structures of one type (village communities) provides the unity of elements on which the macro-system (Oriental despotism) rests. The mechanism of this organisation operates through the system of the social division of labour both within each micro-structure (agriculture—the crafts) and on the scale of the macro-structure (through the removal and redistribution of the rent-tax). The economic and social equilibrium of this system gave rise to stagnation, which was also subjectively expressed in the historical lack of initiative of the members of this society, their traditionalism and submission to superstition. As we see, Marx is far removed from the “teleological” evolutionism of which he is accused by Myrdal.

Such reproaches against Marxism sometimes arise from an oversimplified, mechanistic interpretation of its dialectical method, when the proposition on quantitative accumulation turning into qualitative change is singled out without emphasising that such a transition is a revolutionary leap, a social, political and ideological explosion prepared and directed by the will of classes, parties and their leaders. These explosions mature and occur as a result and in the course of deep-going deformations of traditional socio-economic systems, their political superstructures and respective ideologies. How far removed Marx was from creeping evolutionism is seen from this splendid formula: “The first and most important of the inherent qualities of *matter* is *motion*, not only *mechanical* and *mathematical* movement, but still more *impulse*, *vital life-spirit*, *tension*, or, to use Jacob Böhme’s expression, the *throes* (*Qual*) of matter.”¹ These attributes of motion are displayed most clearly in its highest and most intricate form—the progress of society.

The ability of a given society to make history is not a divine gift, but a potentiality accumulated by the labour, the intellectual and political activity of the masses and individuals, their ability to search for the new and to struggle against obsolete institutions and notions. The absence or underdevelopment of these attributes in a given society and among its members, especially the thinking “upper crust”, was sharply denounced by Marx and Engels and then by Lenin.

¹ K. Marx and F. Engels, *The Holy Family*, Moscow, p. 172.

Soviet Orientalists see no grounds for revising the methodological views of Marx regarding the reasons for the backwardness of Eastern countries. Moreover, new data make it possible to develop some of Marx's propositions still further. At the same time certain of Marx's appraisals, which he borrowed from Western literature about the Orient in his day, require substantial clarification.

Marx, for example, assumed that the village communities "were based on domestic industry, in that peculiar combination of hand-weaving, hand-spinning and hand-tilling agriculture which gave them self-supporting power".¹ Soviet Indologists have supplemented this proposition on a number of points, especially in the last decade, the most important being the thesis that the economic seclusion of the community was based on a combination of agriculture not with weaving but with the crafts which produced farming implements, i.e., the labour of smiths, carpenters, leather workers and potters. Weaving, with rare exceptions, was singled out not only from the household of the agricultural family (as its subsidiary domestic craft), but also from the community (as a craft included in the combination of intra-community exchange). Spinning, and here Marx was right, remained a domestic industry of the peasant family (to be more exact of its women), but chiefly in cotton-growing districts. The competition of British yarn undermined this industry, but did not bring about the disintegration of the village community, whose seclusion followed from the natural ties with the production not of consumer goods but of the implements of agricultural labour.

It is for this reason that the British power-loom (and other factors) facilitated the decline of Indian agriculture, but did not destroy the natural basis of its reproduction and thereby did not affect many essential elements of the economic mechanism of the village community (which was in the process of disintegration, but not owing to the competition of English cotton textiles). Let us recall that Marx subsequently changed his views concerning the depth of the socio-economic influence exerted by British trade expansion, and this was reflected in Chapter 20 of Volume III of *Capital*. But Soviet Indologists have amended and developed

¹ K. Marx and F. Engels, *On Britain*, pp. 396-97.

Marxist conceptions of the causes and degree of stagnation of Indian pre-colonial society. In particular they have brought to light individual enclaves of capitalist production in India in the 17th and 18th centuries. These materials, however, are of a specific nature, whereas Marx's general conception of the comprehensive stability of the socio-economic pattern of Indian society is demonstrated by ever new proof. Thus, Soviet researchers, while denying the absolute nature of pre-colonial India's backwardness, recognise the existence of a definite system of elements which promoted stagnation. It is beyond doubt that in conditions of independence this system would long ago have been broken up by that part of society that felt and realised the need to escape stagnation.

The Marxist formulation of the basic, constantly operating stimulus to progress differs substantially from the system of "value premises" offered by Myrdal because it proceeds not from selectively offered criteria but from objective, inexorably operating factors. For a Marxist internationalist the difficulty in solving this problem consists rather in establishing the relationship of these factors in their particular, national-regional and in their general, global, manifestations. We proceed from Lenin's formula: "The historic events that are unfolding before our eyes can be understood only if we analyse, in the first place, the objective conditions of the transition from one epoch to the other. Here we have important historical epochs; in each of them there are and will always be individual and partial movements, now forward now backward; there are and will always be various deviations from the average type and mean tempo of the movement. . . . Only on that basis, i.e., by taking into account, in the first place, the fundamental distinctive features of the various 'epochs' (and not single episodes in the history of individual countries) can we correctly evolve our tactics; only a knowledge of the basic features of a given epoch can serve as the foundation for an understanding of the specific features of one country or another."¹

Thus, for Soviet Indologists the initial position of study is rendered exceptionally difficult and intricate by the need to analyse a whole complex of internal and external basic

¹ V. I. Lenin, *Collected Works*, Vol. 21, p. 145.

relationships. Knowledge of the basic features of a given epoch was Lenin's basis for discovering the concrete historical conditions in a given country. It is this politically barbed formulation of Lenin that must become, in our opinion, the scientific basis for an unbiased polemic about the level of India's socio-economic development and the extent to which it was influenced by the British conquest.

Indeed, if we are to proceed from the "basic features of a given epoch", at the turn of the 18th century, nothing except the industrial revolution, i.e., the transition from the manual to the mechanised mode of production, can be offered as a criterion of historical progress. But if, in accordance with Lenin's advice, we examine the global industrial revolution only as a basis for "an understanding of the specific features" of the socio-economic processes in a given country, our evaluation of the influence of British capitalism on South Asia will become more relevant.

A few years ago a controversy arose over the consequences of the British conquest for India in the 19th century. In our opinion, the need for a leap into capitalism did not mature in the pre-colonial Indian society. The relatively large part of the surplus agricultural product, tremendous in absolute terms, which was appropriated and consumed by India's ruling classes and their retinue, supported stability and equilibrium and the consequent stagnation of its socio-economic pattern as such, which depended on the unusually large number of people that subsisted on this product. At the same time the subsistence nature of the economy and the undeveloped economic ties of the ruling classes and strata and clashes within them over the division of the rent-tax facilitated the isolation of the lower institutions of the state mechanism of despotism.

The horizontal division of the institutional system was accentuated by the Mogul land-tax system which placed the lower and middle strata of the landowners and the administrative apparatus in a relatively restricted position and the military and official upper crust in a privileged position. According to estimates made by I. Habib, well-known Indian economist, the general allotments in favour of the lower officials, guards and all kinds of rural rent-receivers took away a quarter to a half of the net product of agriculture from rural localities. Economic relations between town and

country were dominated by the one-sided influx into the city of the agricultural product, which was extorted from the landholders (rayats) by the despotic state and individual landowners. Marx wrote that in India the product was converted into a commodity partly as "it has reached the hands of the State, into whose hands from time immemorial a certain quantity of these products has found its way in the shape of rent in kind".¹

The social and economic status of urban and other artisans who did not belong to the village community depended on the place and importance of their production and output in the social division of labour and the redistribution of the national product. The practical absence of any social division of labour on an all-India scale and its immaturity within the bounds of separate regions were determined by the fact that the crafts outside the village community (except perhaps the production of metals) were little connected with the reproduction process in agriculture. Moreover a part of the consumer demand in the village was satisfied by craftsmen who did not break their ties with the community (potters, leather-dressers and jewellers). Weavers were the only large group of artisans outside the village community on whom the population of the community seriously depended. (This circumstance largely explains their relatively privileged position).

Since weavers and other artisans themselves made part of their implements, community craftsmen who could make such implements participated in the reproduction process not only of rural but also of the urban crafts on a rather limited scale. Correspondingly, the volume of inter-sectoral division of labour within industrial production itself was reduced. Ships and carts formed the most important part of the output of non-community artisans, which was of productive, to be more exact, transport designation.

The widespread view of the low productivity of the Indian crafts cannot be accepted without substantial reservations and adjustments. Nevertheless, in examining the factors which prevented the deepening of the social division of labour in India on the basis of all-round commodity exchange through the market between the farming and artisan

¹ K. Marx, *Capital*, Vol. I, p. 357.

population, attention must be paid to the obvious technical lagging of the crafts behind agriculture. In this respect India was no exception, because pre-capitalist society in general was marked by higher productivity in agriculture than in industry.¹ Besides having superior tools, the Indian peasant was no less skilled than the craftsman who produced these implements.

In addition to its technical superiority, agriculture was also more highly concentrated. The employment of several sets of implements and a corresponding number of workers from the outside was obviously more common in the farms of the rural upper crust than even simple co-operation of wage workers in industry. In any case this can be confidently asserted about the branches of industry which maintained product or commodity exchange relations with agriculture. It may thus be assumed that small-scale farming of the feudal estate was of higher productivity than the crafts confronting it, even if the latter sporadically went over to primitive capitalist forms of organisation.

Moreover, the highly favourable climatic conditions in the main agricultural areas of India and also the possibility of gathering two or three harvests annually, moreover of the crops (rice, sugar cane, ground nuts and cotton) that were on the average more labour-consuming and intensive than in Europe, increased employment of the peasantry and raised their annual productivity. The advantages of Indian agriculture over the crafts are even more evident if we add to them irrigation, under which nature most directly participates in the work of man "as a machine and an organism" (K. Marx). In such conditions direct commodity exchange between the peasant and the craftsman usually was not equivalent for the latter.

Apparently during the traditional remuneration of the community craftsman and payment of the urban artisan by the feudal lords (directly or through a buyer-up) part of the value created in the peasant household was redistributed so that the total value of the craft article (both created by the labour of its producer and added during this redistribution) would maintain the artisan and his family and also ensure at least simple reproduction. Such a situation, which

¹ K. Marx, *Theories of Surplus-Value*, Part II, Moscow, 1968, pp. 109-10.

stemmed from the relatively low productivity of craft labour, rendered extended reproduction in industry exceedingly difficult and made impossible any widespread beginnings of capitalism there, for which, as Marx stated, a steep rise in the productivity of industrial labour as compared with agricultural was needed.¹ Indeed industry, without obtaining a perceptible superiority in labour productivity over agriculture, could not accumulate in equivalent commodity exchange the capital needed for extended reproduction on the basis of new technology.

The weavers, who exchanged their product directly with the peasant population or through the mediation of merchant capital, were in a special position. Most of the value of the mass-consumed fabrics was produced by the agricultural population (in the course of growing cotton by the peasant and the preparing of yarn by women of his family); the weaver had to perform only the final and not the most labour-intensive process in producing the fabric. As a result, in the value of cheap textiles payment of the weaver's labour amounted to less than 30 per cent. It is indicative that in no other peasant-consumed product of the crafts (except sugar and vegetable oil) was so much peasant labour materialised as in cheap fabrics.

The structure of the production inputs of expensive fabrics consumed by the feudal elements was entirely different from that of cheap textiles. The labour of primarily urban spinners alone increased the price of the raw material (cotton) 16 times and the weaver increased it by at least another 50 per cent. Only the feudal lord (if we refer to the internal consumer) could cover such tremendous costs of industrial production with the rent extracted from the selfsame peasant household.

Data at our disposal on the place of individual non-community crafts in the processes of reproduction and distribution make it possible to divide them into two sub-groups: crafts which engaged in exchange with the countryside (for example, some of the weavers and metal smelters) and crafts which had no or negligible exchange of this kind. In other words, the natural-economy seclusion of farming and the crafts within the bounds of the village community was

¹ *Ibid.*, p. 110.

contrasted at the other pole by the economic isolation—complete or partial—of some of the non-community crafts from the economic and consuming needs of the village community and its population.

The question arises, what products ultimately compensated the labour of the artisan? Marx long ago gave us a model of exchange of the agricultural product for the articles produced by these crafts. Even in the mid-19th century, as he pointed out, archaic forms of relations between the feudals and the artisans survived in the backward provinces of British India. "...The non-agricultural labourers in those provinces where the English rule has least disturbed the old system, are directly employed by the magnates, to whom a portion of the agricultural surplus-product is rendered in the shape of tribute or rent. One portion of this product is consumed by the magnates in kind, another is converted, for their use, by the labourers, into articles of luxury and such like things; while the rest forms the wages of the labourers, who own their implements of labour."¹

The socio-economic side of this mechanism, under which the feudal strata acted as the chief clients and consumers of the output of the urban crafts, while merchant capital performed the function of their agent, was not only the political but also the economic subordination of the Indian town to the feudal lord. To this should be added the important circumstance that in India state feudal ownership of the land also extended to urban lands. The merchants, artisans and other town dwellers paid the feudal lords rent for the land occupied by their houses and shops. Neither the land nor the air of Indian towns made their dwellers free of the arbitrary actions of the feudal lords, as was the case in Western Europe.

Besides the crafts which directly or indirectly existed on account of converted rent, there were also artisans outside the community who worked to meet peasant demand already as commodity producers. In the 18th century there were towns whose crafts chiefly served the peasant consumer. There are data about the production by urban artisans of coarse fabrics and quite considerable internal trade in them in Bengal and Bihar.

¹ K. Marx, *Capital*, Vol. I, p. 598.

It may be assumed that at the beginning of the 18th century there was a tendency for the small local markets to merge into a common market of consumer goods encompassing one big province, say, Bengal or Mysore. Although commodity circulation in India in the 18th century was largely confined to satisfying the needs of the feudal class and its retinue, it at the same time created some prerequisites for the rise of capitalist production. The emergence of a home market of mass consumer goods in the advanced provinces of India reflected the existing division of labour between town and countryside and in future this development could have promoted the strengthening of capitalist relations within the bounds of the feudal system.

The development of the productive forces and the division of labour in feudal India paved the way for the rise of capitalist production when "the producer becomes merchant and capitalist..."¹. The birth of capitalist relations in the Indian small crafts at the end of the 18th century and in the early 19th can be seen from the existence in them of primary forms of the capitalist organisation of production: simple capitalist co-operation and also manufacture, though the latter was still at an early stage of development.

At the same time, apart from shipbuilding and the production of paper, there was no industry in India where the capitalist workshop prevailed. In other sectors with a bigger scale of production and employment, like weaving and iron and steel, the capitalist workshop arose only in the upper tier and did not assume a special place in the social division of labour either within the bounds of the given line of production or within sectors as a whole. Commodity circulation of the output of capitalistically organised workshops had not yet built up a system of constant market ties either between the shops themselves or with agriculture (even in that part directly designated for the market). One has the quite definite impression that in India capitalist manufacture was not yet widespread and the manufacture period had not even begun prior to the colonial conquest.

Needless to say, one may not agree with the way we understand the causes and degree of backwardness of Indian society in those days. But we can hardly be reproached for

¹ K. Marx, *Capital*, Vol. III, p. 334.

exaggerating one particular chain of cause and effect (such as productive forces—social institutions), as Professor Myrdal imputes to Marxist methodology. The Marxist comprehensive approach to study of the socio-economic pattern and its functional interconnections yields a deeper understanding of historical progress.

Any society naturally needs a system of social norms of law and morality and corresponding superstructural institutions for regulating and normalising relations between its members, micro-elements (family, community, caste), productive units and macro-formations (state, nation, the national economy as a whole). In stagnant (to be more exact, slowly evolutionising) societies this mechanism, both in its ideological and institutional parts, acquires in the eyes of the people attributes of eternity, consummation and consecration by divine reason and will. This attitude on the part of members of society to their institutions and moral-legal rules imparts to both a kind of additional independence, which offers some historians grounds for insisting on the self-sufficing nature of the institutional-legal complex in the East.

The very development of capitalism upset the regulating functions of this complex which in different countries and different ways failed to adapt itself to the new needs of social regulation. Eclectic institutional-legal superstructures began to arise which combined remnants of the old complex with certain elements of the new, bourgeois mechanism. Objectively this mixture reflected the transitional, multistructural nature of the socio-economic pattern. Subjectively it reflected and simultaneously engendered disharmony in social consciousness and morality.

In many instances Myrdal—either in passing or when giving more detailed arguments—suggests that the West has solved its main social problems. But there are also assertions to the opposite effect. In his latest book he is more critical in his evaluations of Western life, apparently due to the explosion of social conflicts at the end of the 1960s, which has blasted the myths concerning the social equilibrium achieved by contemporary bourgeois society.

But we would like to pose the question on a broader plane. The point is that despite recessions and crises, the economy of capitalist countries, utilising the fruits of the scientific and

technological revolution, has been growing at relatively high rates in the post-war period. At the same time the apparatus of socio-ideological regulation of the "integrated" capitalist "consumer society", seemingly tuned to the limit, more and more often fails to perform its main function—the provision of motivations and norms of social behaviour both for individuals and groups. The increasingly felt and realised anti-individual and anti-social nature of contemporary capitalist society is creating before our very eyes all kinds of dissident groups which, despite their differences, display an intrinsic active non-acceptance of this society, its world view and institutional regulators. In other words, the scientific and technological revolution is a forceful reminder of the historic doom of capitalism.

Professor Myrdal in effect leaves unanswered the question, what will take the place of the traditional institutions in Southeast Asian countries when they embark on the road of rapid progress? The transplantation of the Western institutional mechanism to this region holds out little promise because it is becoming less and less effective even in its own environment. So scientific thought in South Asia is taking an increasing interest in the experience of socialist guidance of swiftly developing society. It is clear, however, that the borrowing of separate, even very important elements of socialist experience (for example, planning of the national economy), apart from the entire system of political, social and other regulating measures, does not produce the desired result. To make this element "work", even in its own sphere, it must be accompanied by a whole set of complementing and reinforcing measures in all spheres of social life. This is also demonstrated by experience of socialist industrialisation.

THE "INSTITUTIONAL CONCEPT" AND THE DOCTRINE OF INDUSTRIALISATION

Any researcher who becomes deeply involved in the study of a particular problem is likely to be tempted into offering a once-and-for-all type of solution. It must be admitted that it is easy to succumb to this temptation and offer, at least in the form of a recommendation, the building up of a heavy state-owned industry as a solution to the basic socio-economic

problems facing the Third World. But the weak sides of this approach soon become apparent.

We subscribe to Myrdal's stand when he asserts: "South Asian countries now run the risk of creating petty islands of highly organized Western-type industries that will remain surrounded by a sea of stagnation. If this fate is to be averted, industrialization must be so directed, and so complemented by policies in other fields, as to permit simultaneous development outside the sphere of modern large-scale industry."¹

Reviewing the most efficient trends of industrialisation, Myrdal gives preference to sectors that produce for export or manufacture import substitutes. He remarks that "import substitution usually offers a more promising prospect. It follows that—particularly in the poorer and larger countries—domestic producers must turn increasingly to the production of capital goods."² But even though he introduces this essential and correct reservation and mentions other important economic prerequisites for progress, Myrdal continues to feel that something is lacking in his mechanism of general and all-round development. And so he introduces "specific policies" as a stimulator: "...if not accompanied by direct interventionist policies toward other [traditional—*Authors*] sectors of the economy, it [industrialisation—*Ed.*] would merely bolster the enclave pattern of colonial economic experience."³ Specific policies, he asserts, "are necessary not only to compensate the rest of the economy for the absence of sizable automatic spread effects from industrial starts but also to support the industrialization drive itself".⁴ But what class will reap the fruits of such industrialisation? This remains an open question.

Examining the prerequisites and development tendencies in small-scale industry, Myrdal makes quite a number of incontrovertible observations and conclusions. At the same time many of his arguments stop, as it were, half-way, without acquiring completeness and precision. He notes, for example, the growing of some establishments employing manual labour into enterprises of the factory type and gives

¹ G. Myrdal, *Asian Drama*, Vol. II, p. 1203.

² *Ibid.*

³ *Ibid.*, p. 1204.

⁴ *Ibid.*

preference to this way of industrialisation over the building of new works by the state or the expansion of the existing large private enterprises. But he offers neither an analysis of the process nor grounds justifying his position.

Yet, what we witness here, is a historically belated transition of capitalist manufacture to the stage of factory production. In Soviet studies of the subject this process has already been explained as a specific incorporation of branches of small-scale industry into the national reproduction system of the large capitalist sector. Indeed, the list of industries covered by such transformation, as given by Professor Myrdal, suggests that these are lines of production designed for the manufacture, on the one hand, of parts and assemblies for machines, transport equipment and household appliances and, on the other, of improved agricultural implements. Soviet researchers, guided by the Marxist scheme of simple and extended reproduction, long ago found a place for this phenomenon in the general process of capitalist industrialisation and singled out both its constructive and historically transient features.

As regards Third World countries, Marxist scientists have always understood and demonstrated the inevitability of a relatively prolonged existence of a "mixed", transitional economy when the socio-economic functions of the state unavoidably grow stronger. Today it is already evident that the government of a developing country, upholding its independence, resisting the onslaught of imperialism, and pursuing a sound economic policy, is able to ensure external sovereignty and internal consolidation of the patriotic and anti-imperialist forces (of course, this does not apply to states which have succumbed to neo-colonialist bondage). All this conclusively refutes the old Western doctrine about the unpreparedness of Afro-Asian peoples for self-government. The situation is more intricate as regards the scale and purpose of the socio-economic functions of young states. Moreover, this complexity is a result not so much of the difficulties which stem from the unique nature of the tasks to be accomplished as of the fact that the discharge of this function by the state is determined by the contradictory outcome of the intricate clashes of forces, internal and external.

Traditional institutions, too, become the target of these clashes. Marxism unhesitatingly favours the elimination of

those which embody the privileges of the propertied classes. But the institutions which reflect archaic forms of unification of the working strata demand more cautious handling. The possibility of mutually fruitful coexistence of some traditional institutions and modern production has long been discussed in Marxist literature. Moreover, corresponding (and prior) changes in the social system have been stipulated as a requisite for such fruitful coexistence. We find such a formulation of the question, for example, in Engels' letter to N. F. Danielson of June 18, 1892, in which he asserted that in Russia large-scale industry would kill the village community "unless other great changes occur which will help to preserve this community. The question is, will a change happen in the public opinion of Russia as would make it possible to develop modern industry and modern agriculture, while preserving the community and at the same time modifying it so that it could become a suitable and convenient instrument for organising this modern production and for transforming it from the capitalist into the socialist form?"¹

The quoted excerpt deals with Russia at the end of the 19th century for which, as follows from Engels' subsequent arguments, no such possibility as regards the community was any longer available. At the same time it is clear that in principle Engels recognised the usefulness of interaction of pre-capitalist and modern forms of production and social organisation during the socialist transformation of both. Such interaction was observed (although without the participation of the completely disintegrated village community) in the USSR during the period of the New Economic Policy. And so, Marxism by no means limits itself to recommending the elimination of the traditional institutions through industrialisation or in some other, direct or indirect way, but provides even for the possibility of utilising them as a suitable instrument for organising modern production.

Moreover, the uncompensated removal of traditional institutions would signify the extension of market spontaneity to the sphere of semi-natural relations which had been regulated by the archaic system of redistribution. The point is that the scale and assortment of the market demand is

¹ Marx/Engels, *Werke*, Bd. 38, Dietz Verlag, Berlin, 1968, S. 366.

largely determined by the strength of the traditional institutions which lay claim to rigid control over the distribution and use of the means of production (land and water) and instruments of labour. Yet, as Lenin pointed out, the home market develops "not so much on account of articles of consumption as on account of means of production".¹ That is why the removal of traditional institutions entails deep-going qualitative changes in the market demand and ultimately in the entire national system of the social division of labour. The Marxist approach, as can be seen, is very far removed from the super-revolutionary slogan of immediately abolishing the traditional institutions by administrative compulsion. The whole business is much more complicated, especially in its constructive aspect.

When it is a matter of pre-capitalist or less developed semi-capitalist countries which strive to break out of the grip of centuries-old backwardness, we feel it is worth recalling the following fundamental proposition of Lenin's: "If 'we' are successfully to solve the problem of our immediate transition to socialism, we must understand what *intermediary* paths, methods, means and instruments are required for the transition from *pre-capitalist* relations to socialism. That is the whole point."² This formula shows that Lenin was a long distance away from the primitive direct approach which Myrdal imputes to Marxists in order to picture them as biased dogmatists. He ascribes to Marxists the following schematic approach: industrialisation and capital investments, i.e., a change in the mode of production brings an automatic change in social institutions.

But Professor Myrdal himself unwittingly draws near to Lenin when he rejects the one-sector model for the multi-structural society: "In its simplest form the capital/output model contains only one sector."³ He then criticises the limitations of one-sector models. But later on he descends to the level of quasi-practicalness and rather feebly concludes: "The aggregates in two-sector models are far too broad for these models to lead to a better understanding of South Asian reality. Even if the sectors are well chosen, the frag-

¹ V. I. Lenin, *Collected Works*, Vol. 3, p. 54.

² *Ibid.*, Vol. 32, p. 349.

³ G. Myrdal, *Op. cit.*, Vol. III, Appendix 3, p. 1952.

mentation of the economies is too great and the misplaced aggregation within each sector is excessive.”¹ Does not our colleague reject his own credo proclaimed at the beginning of his study which calls for establishing the general mutual relationships?

How profoundly Lenin understood the entire complexity of the industrialisation process in a backward country is demonstrated by the following statement: “An enormous step forward must be taken in developing the productive forces; it is necessary to overcome the resistance (frequently passive, which is particularly stubborn and particularly difficult to overcome) of the numerous survivals of small-scale production; it is necessary to overcome the enormous force of habit and conservatism which are connected with these survivals.”² How is it possible to criticise Marxist science for underestimating “institutional factors”, “secondary social patterns” after everything that Lenin said on this score!

Lenin, and the CPSU, never regarded industrialisation as a single action similar for all economic structures. Hence we cannot agree to Myrdal’s interpretation of this question as applied to the experience and prospects of Asian countries. Fundamental decisions of the CPSU, which carried out the Leninist plan of building socialism in conditions of the centuries-old backwardness and multi-structural pattern of Russia, contain a precise sub-division of methods and rates of industrialisation by structures and types of the economy. For example, the Theses, approved in October 1927 by a joint Plenary Meeting of the Central Committee and the Central Control Commission of the Communist Party of the Soviet Union (Bolsheviks), pointed out that in drawing up the First Five-Year Plan “it is necessary to bear in mind the development of small-scale local industry, manned by craftsmen and artisans, which, serving now as an absolutely necessary supplement to large-scale state industry, helps eliminate the shortage of goods and mitigate unemployment”.³

¹ G. Myrdal, *Op. cit.*, Vol. III, Appendix 3, pp. 1952-53.

² V. I. Lenin, *Collected Works*, Vol. 29, p. 421.

³ *Kommunisticheskaya partiya Sovetskogo Soyuza v resolyutsiyakh i resheniyakh syezдов, konferentsii i plenumov TsK* (Communist Party of the Soviet Union in Resolutions and Decisions of Congresses, Conferences and Central Committee Plenary Meetings), Part II, 1925-1953, Moscow, 1953, p. 284.

Professor Myrdal, had he taken the time to study Soviet experience and not simply waive it aside because of his "biased" attitude to Marxism, could not but agree as a scientist that Soviet experience in industrialising the country, building up the national economy and transforming small-scale and smallest production, especially at the initial stages, during the NEP decade (1920-1930), anticipated in the main everything that many young national states are trying to do today.

According to Myrdal, the practical work of economic construction in the Soviet Union "did not conform" to the theory of Marx: the Soviet Government, did not rely on changes in the mode of production to alter institutions and attitudes, but "intervened directly to reshape them".¹ We can add to what has been said on this score that Marx offered no concrete recommendations for building socialism in a backward multi-structural country which, moreover, for a long time remained the only socialist state in the world surrounded by hostile powers.

IMPORTANCE OF A COMPREHENSIVE STUDY AND ALL-ROUND TRANSFORMATION OF THE THIRD WORLD

It is not Professor Myrdal's institutional concepts, with which he seeks a remedy to the ills of the traditional structures of life in Asian countries, that we find so significant, but the fact that scientists of his calibre are trying to find such remedies. Myrdal's institutional theory did not come as a bolt from the blue. It is a perfectly natural reaction to the fact that contemporary imperialism continues to hold many strong economic positions in Third World countries and to exploit them by more refined methods; to the fact that these countries, notwithstanding 20-25 years of sovereign development, have not escaped backwardness but find themselves lagging even further behind the developed capitalist countries.

At the same time Myrdal's work also reflects a certain disappointment caused by the exaggerated hopes placed in

¹ G. Myrdal, *Op. cit.*, Vol. II, p. 1198.

state capitalism, understood as a concentrated expression of the economic policy and respective functions of the state machine. In some studies the state and the economy were regarded as so closely fused that there was no room left for analysing intermediate social links and institutions. All-round study of the social mechanism as a whole in its entire complexity was limited to an analysis of some of its very important but nonetheless separate components. It is true that in the works of some Soviet authors in the 1950s, when there was not enough experience and information, the functional ties of various links of the state machine in newly-free countries and unofficial institutions were at times regarded in a rather oversimplified way and without due awareness of their interconnection. Some socio-economic studies underestimated the intricacy of the multi-structural social mechanism and did not fully appreciate the interconnection of state life, class, group, and personal relations and of the ideological interactions in the sphere of traditional spiritual life of peoples who had just emerged from imperialist domination.

Nevertheless, if exceptional stress is deliberately laid on traditional institutions, which undoubtedly restrain social progress, this is bound to lead to different but similarly one-sided methodological extremes, to the exaggeration of their importance and to an obvious underestimation of the new complex of economico-political and socio-class factors. But these particular shortcomings of Soviet studies by no means stem from the general "Marxist approach", as assumed by Myrdal. In this connection we would like to turn to such a generally known authority in this sphere as Engels.

His work *The Origin of the Family, Private Property and the State* holds an important place among other classical works in the arsenal of Marxist methodology. It represents the finest model in Marxist literature of a profound comprehensive analysis of the entire totality of productive, pre-state and state social, legal, military, ideological, family and personal activities of man at different stages of historical development. Let us recall that all these and also other types and forms of social creative endeavour of society and man were examined by Engels as an inseverable dialectical unity. But it was to the mode of production and reproduction of

the material life of society that Engels assigned the determining, i.e., decisive role.

At the same time this role did not seem to him of equal importance at all stages of mankind's development. In 1884 he voiced an idea that could be of great value to economists studying the present-day traditional sector of life in Asian countries: "But how the means of production, which in former periods including simple commodity production exercised only a very mild domination compared with now, came to exercise the present despotic domination is a thing that has to be proved."¹

Archaic survivals in South and Southeast Asia complicate the development of production to such an extent that at times it is not difficult to accept them as the force which absolutely dominates all spheres of life. Their tremendous real force reflects the "despotism" of obsolete means of production, especially in the small-scale commodity and the natural economies which uphold their existence. Old views and obsolete institutions do not change automatically, even less so can they be eliminated merely by administrative measures, even if rational compulsion is employed by the authorities, compulsion of which Myrdal is a supporter. It takes deep-going socio-economic development to eradicate obsolete views and institutions.

We are far from denying the importance of conscious institutional changes and planning the activity of people, institutions and organisations with the object of removing barriers erected to progress by the "despotic domination" of obsolete means of production and the corresponding institutions and views in life. But we cannot fail to see that a revolution in the productive forces, the industrial upheaval under way in Asian countries, now slow, now swift, and scientific and technological advances, are bringing into being new class forces which are boldly tackling political and social reconstruction. By emancipating society from the traditional and despotic institutions that fetter it, the revolution creates new social, more appropriate forms, implacably destroys the obsolete ways of life and customs and promotes the creation of new, progressive institutions.

Specifying the interaction of factors influencing the rise

¹ K. Marx and F. Engels, *Selected Correspondence*, p. 452.

of conservative patterns, Engels envisaged the possibility of a certain alienation from society of the state and other institutions which, although they originated from society, have placed themselves above it. Nevertheless such phenomena must not engender nihilistic fatalism. Engels pointed out that the more some social activity and numerous social processes evaded man's constructive control and escaped his power, the more this activity seemed to be left to pure chance, the more its intrinsic laws with natural necessity broke their way through this chance.

The postwar history of the countries and peoples of South and Southeast Asia has witnessed quite a few processes and events which have evaded and continue to evade man's control. Nevertheless, ultimately historical progress invariably breaks its way through these diversive and even regressive reactionary movements—let us recall merely the series of aggressive local wars let loose by the Japanese, Dutch, French, British and American colonialists against the peoples of Southeast Asia in the last quarter of a century. Cognition of the internal laws of historical progress—whether they are displayed in the village, which is slowly discarding the fetters of landowner despotism and archaic customs, or in the industrial revolution in India with all its complexities and acute contradictions—is the only means of purposefully influencing all the sides of social being.

RELATIONSHIP OF THE UNIVERSAL AND THE PARTICULAR IN THE EVOLUTION OF SOUTH ASIA

The internal regularity of the development of every country in this region has its unique national features, its own social and economic content. Professor Myrdal, rightly criticising Western sociologists, declares: "Not only is the social and institutional structure different from the one that has evolved in Western countries, but, more important, the problem of development in South Asia is one calling for induced changes in that social and institutional structure, as it hinders economic development and as it does not change spontaneously, or, to any very large extent, in response to policies restricted to the 'economic' sphere."¹

¹ G. Myrdal, *Op. cit.*, Vol. I, p. 26.

Myrdal rightly reproaches Western economists for the mechanical application of terms and concepts of a developed capitalist economy in explaining the processes under way in the different socio-economic environment of South Asia. Indeed, in our times this environment is unique and it is senseless today to superimpose on it certain laws of early or mature monopoly capitalism. At the same time, whereas for a bourgeois radical economist like Myrdal this unique nature of the situation in Southeast Asia is absolute, for a Marxist economist it is relative.

Indeed, science knows plenty of multi-structural societies in which economic development, especially on a new organisational and technical basis, was for a long time resisted by the conservative social environment and was confined within the narrow sphere of capitalist relations. In England, for example, prolonged and bloody internecine wars in which the feudal lords annihilated each other, the break-up of the feudal armed bands, the eviction of millions of peasants from the land and, lastly, a revolution which beheaded the king, were needed to give capitalist progress wide access to the sphere of traditional relations. The unique thing about the South Asian situation is not the existence of a socio-economic environment in which the dynamism of the economy is hampered and finally stifled, but the fact that the problem of pre-capitalist structures has to be solved now in entirely different world economic conditions, with the two world systems, the capitalist and the socialist, confronting and competing with each other, in conditions of the historical and technico-organisational obsolescence, archaism and ultimate doom of the lower forms of capitalist enterprise, deprived of the prospects it had in Europe in the 17th-19th centuries, and when the non-capitalist path of socio-economic change is quite feasible. All this is so important that one wonders how Professor Myrdal could have failed to examine this aspect of the problem.

True enough, later on Myrdal specially returns to the problem of differences in initial conditions between Europe on the eve of the industrial revolution and present-day South Asia. Europe, he says, had the following advantages: a favourable climate, lower population growth rate combined with the possibility of "off-loading" the surplus population through migration; domination of world trade and exploita-

tion of the resources and the peoples in backward regions; greater adaptability of the way of life and institutions to the tasks of modernisation (pp. 1168-72). These distinctions had already been discussed and studied by the founders of Marxism-Leninism, and their relative importance was established in detail, and recognised and recorded in Marxist literature almost a century ago.

It seems to us that Myrdal's evaluation of the advantages of West European countries on the threshold of industrialisation as compared with South Asian states today is oversimplified and one-sided. The background to these advantages was the fact that the industrial revolution in Western Europe had been preceded by an entire historical epoch of the birth of capitalist relations under the aegis of national statehood, an epoch which lasted for scores and even hundreds of years. The general spread of wage labour, literacy and the break-up of the social hierarchy of feudalism and other conditions for the swift and deep influence of industrialisation on the socio-economic pattern, in many ways themselves stemmed from the advent of capitalism. Under colonialism this process was narrow, incomplete and one-sided, and this imparted inertia to the traditional environment in South Asia.

Incidentally, the way for the spread of capitalism in Western Europe was cleared with the utmost energetic co-operation of the state, which resorted to the most cruel methods. Could, for example, the Dutch and the English merchants in different periods, beginning from the 15th century, have attained almost complete domination of maritime trade in goods and slaves, in the exploitation of the peoples and resources of the selfsame South Asia or Africa, or Latin America, without the support of their states, which stopped at nothing—even wars not only against the peoples of the conquered countries, but also drawn-out and ruthless wars among themselves for division of the spoils, for a monopoly position among the robbers.

True, the direct participation of the state in private enterprise was smaller at the dawn of capitalism than it is today (although state manufactories were set up even in the 16th-18th centuries). But this has its explanations. One of them is the negligible cost of running one enterprise, and the simple equipment, management and marketing in those

distant times as compared with the second half of the 20th century with its unprecedented concentration of industrial production spurred on by the current scientific and technological revolution.

On the other hand, many West European states in the epoch of primitive accumulation developed a different function to an unusual degree—brutal compulsion of wage workers to toil for the capitalists and active interference in the terms of hire in favour of the employer. This was what the bourgeois state did within the metropolitan country. The introduction of slavery, of forced labour in the colonies at the price of annihilating entire peoples—this was what the bourgeois state did beyond the bounds of the metropolitan country.¹

The second function is totally absent and the first is either absent or relatively little displayed in present-day South Asian states. The latter is due, of course, not to any change in the class nature of the bourgeois state, but to at least three important circumstances: the impossibility of further reducing the price of labour power without a crippling deterioration in the conditions of its reproduction, bad though they are already; growing resistance of the working people, above all the organised struggle of the working class, and the high degree of class solidarity which restricts the possibility of state pressure on the working strata; the tremendous influence exerted by the “demonstration effect”, i.e., by the achievements of the working people of the socialist countries and also by the democratic and social gains won by the working class in developed capitalist countries.

That is why in South Asian countries active and direct interference in the reproduction process only partly compensates for the weaker function of compulsion with regard to the exploited, which in present-day conditions cannot be applied so openly and widely as it was some 200-300 years ago in Europe, at the dawn of industrial capitalism. As for

¹ Lenin held that the establishment of capitalism in Europe and America was linked “with the barbarous policy of bourgeois civilisation, which has built the prosperity of the exploiters belonging to a few chosen nations on the enslavement of hundreds of millions of working people in Asia, in the colonies in general, and in small countries” (*Collected Works*, Vol. 26, p. 242). Needless to say Asian states which have embarked on the capitalist path today have no such prospects.

the general scale of state influence on the process of development of capitalism in different countries and different periods, this question requires additional and rather involved comparisons. Besides, this is not the only point. It is clear, in any case, that groundless statements about the greater scale of interference, say, by the present-day Indian state in the socio-economic process as compared with the British state in the second half of the 18th century, can hardly convince anyone.¹

At the same time whatever the socio-economic functions of the state, they by no means determine ultimately the special way in which the general laws are refracted in the particular environment of a country or a region, which is surrounded by a world that similar patterns have never known. Does not the Soviet multi-structural society at the beginning of the 1920s present a similarly, if not more, specific phenomenon of world history, if we bear in mind that, notwithstanding her technico-economic backwardness, Russia effected a political revolution which opened up the possibility for the socialist remaking of society? Soviet Marxists, however, far from denying the applicability of general laws to the processes and methods which transformed our socio-economic system, actually enriched them with practical experience of world historical significance. Notwithstanding the inevitable cost of some of the solutions which the pioneers of socialism adopted, this approach was fully justified. It is becoming more and more obvious that Soviet experience both at the initial and subsequent stages of development, for all their external and internal originality, contains so much that is generally instructive and basically indispensable for multi-structural countries, that today none of them can afford not to study this experience and no conscientious scientist can ignore it in his recommendations.

¹ How fundamentally the attitude to state enterprise in the developing countries has changed as compared with the attitude in the epoch of primitive accumulation of capital in Western Europe and Russia is seen from the fact that the contemporary industrial proletariat resolutely supports the public sector in the national capitalist economy and resists private and especially monopoly capital, while fighting for the democratisation of state capitalism. There was nothing like this in Europe and the United States in the epoch of early and even developed industrial capitalism, nor could there have been.

OBJECTIVE TRUTH AND SUBJECTIVE EVALUATIONS

Professor Myrdal at times utilises the image of the "threshold" to indicate a particular stage in the development of a world view. For Marxists such a threshold is the well-known theses of Marx on Feuerbach, the 11th thesis being particularly important: "The philosophers have only *interpreted* the world, in various ways; the point, however, is to *change* it." This thesis is unclear unless we know what has been said before, and certainly the second thesis: "The question whether objective (*gegenständliche*) truth can be attributed to human thinking is not a question of theory but is a *practical* question. In practice man must prove the truth, that is, the reality and power, the this-sidedness (*Diessseitigkeit*) of his thinking. The dispute over the reality or non-reality of thinking which is isolated from practice is a purely *scholastic* question."¹

For Marxists objective truth, as soon as it is a question of socio-economic changes, is inseverably linked with a class approach. Without such an approach, "man", i.e., a scientist, cannot prove the reality, power and this-sidedness of his thinking. Proceeding from this premise, we wish to show the logical contradictions in at least Myrdal's general approach to planning.

He rightly notes that a definite social content is superimposed on the valuations and aims of planning, but he goes too far along the path of relativism, stating that "logically, there are no objective values, only subjective valuations".² Let us note that in the valuations of any man, whatever views he may adhere to, there is a share of objective truth. It is a different thing that valuations made by people of progressive view who have mastered the scientific methods of cognition contain more objective truth than the valuations of people holding conservative views and burdened with superstition and bias.

Incidentally, Professor Myrdal himself rightly assumes that "a plan can have no existence except as a political program. . . . No work, even on the details of a plan, can be undertaken and brought to a successful conclusion, except on

¹ K. Marx and F. Engels, *Selected Works* in 3 volumes, Vol. I, Moscow, 1969, p. 13, 15.

² G. Myrdal, *Op. cit.*, Vol. III, p. 1884.

the basis of seriatim political decisions".¹ It is understandable that any political decisions (the more so, if they are seriatim decisions), reflect definite class interests and in this broad sense they are class subjective. But the question is, what class acts as the main subject of planning. Such a formulation of the question, alas, is not to be found in Myrdal's book, although his sympathy for the working sections (not without a certain critical attitude) is beyond doubt.

Marxists, incidentally, have never suffered from a smugly complacent attitude to the man of toil. Their main criterion has always been what place a given person holds in historical progress. Hence it is a matter of primary importance to define what this progress means in a given period for world history and for a given country.

One of the constant objects of Marxist studies of the liberation movement in Asia has been to establish its true socio-class content. It is natural that those Asians who entered the path of revolutionary struggle in the first years after the Great October Socialist Revolution wanted historical progress in their own countries to be as close as possible to the level of the first socialist transformations in the world. These good intentions gave rise to scientifically unjustified notions that the socialist stage of the revolution was already an immediate political reality in Asian countries. Lenin had to dispel such Left-revolutionary illusions as early as the Second Congress of the Communist International in 1920.

The notion of the direct fusion of the anti-imperialist struggle for national sovereignty with the anti-feudal movement has been realised only in part and by no means everywhere. At the same time, although life has made its own adjustments to the theoretical notions of the rates and forms of the revolutionary process, its general meaning and sequence (i.e., independence-democracy-socialism) have been confirmed in the pattern foreseen by Lenin. Hence there are no grounds for pessimism if one or other, even very important link is missing as yet in the process of socio-economic changes. Thus, agrarian changes in the specific social conditions of the South Asian countryside have assumed forms to which historians are not accustomed. But even in places where they have been deferred or delayed,

¹ G. Myrdal, *Op. cit.*, Vol. III, p. 1889.

one cannot fail to notice the inavertible, even if slow accumulation of democratic consciousness and the gradual maturing of original more or less radical solutions of the land question, which is a key to the reconstruction of the entire society.

It is for this reason that we cannot agree with Myrdal's statement: "...The opportune moment for a radical reshaping of the agrarian structure has passed. Sweeping changes might perhaps have been accomplished in the revolutionary environment of the immediate post-war and post-independence years. But if consent for a fundamental change in property and tenancy rights might have been won then, it is not possible now. The piecemeal reforms that have been accomplished have bolstered the political, social, and economic position of the rural upper strata on which the present governments depend for crucial support."¹

Let us recall that the solution of the agrarian question in the Soviet Union had a history of long standing. If we take as the initial point the programme of the first Russian revolutionaries, the Decembrists, and continue up to the redistribution of the land after the October Revolution, we see that the struggle lasted for almost a century. More than once situations arose on this long road when, it seemed, there were no fewer grounds for pessimistic conclusions than Myrdal has. So it cannot be ruled out that in South Asia, too, the agrarian question may be settled in a more general context, in the process of a social conflict historically much broader and deeper than the struggle of the peasant for land. For example, Professor Myrdal himself comes close to understanding the connection between the land question and the general national problem of employment (not only agricultural). It is significant that regions of acute agrarian overpopulation (West Bengal and Kerala in India, Java in Indonesia, Sri Lanka) are becoming the nodal points of social conflicts which outwardly do not seem to stem from land relations.

One of the very widespread misconceptions about Marxism is that it supposedly accepts egalitarian distribution of land as the optimal premise for a radical solution of the land question. The agrarian legislation of the Soviet state

¹ *Ibid.*, Vol. II, p. 1367.

immediately after the October Revolution gave grounds for this notion. Yet the passing of these laws was dictated by a definite political situation in the country as a whole and in the village in particular. In May 1917, theoretically, on the basis of economic calculations, Lenin assumed that the division of the land according to labour and food norms "does not help us find the true road for the transition from capitalism to socialism."¹ But already in the summer of the same year, having studied the mandates of working peasants who insisted on an egalitarian division of the land, Lenin found it necessary to support them. After the revolution of October, explaining the Party's stand on this question, Lenin pointed out that "this is the demand of the overwhelming majority of the peasants. And the idea and demands of the majority of the working people are things that the working people must *discard of their own accord*: such demands cannot be either 'abolished' or 'skipped over' ".²

Lenin's approach to the solution of the agrarian question has an inherently comprehensive quality. In this sense we agree with Myrdal's refusal to accept simple recommendations, including those that concern the division of the land. "In the absence of other protective measures, it would be erroneous to view a redistribution of land as a satisfactory long-term solution to the problems of South Asian agriculture. The titles transferred to the actual tillers might easily be eroded by the same forces that have undercut peasant proprietorship in the past."³ Myrdal points out that the indebtedness to the money-lenders is one of the factors that could separate the land from its new owners.

But the division of the land, made after the October Revolution on the demand of the "overwhelming majority of the peasants", in later years showed the smallholders the limited scale of their own aspirations and led them to the conclusion that it was necessary to unite in cooperatives. We believe that the peoples of South Asia, particularly their agricultural sections, are now going through a period of reflection and accumulation of social experience needed for the transition to the next stage of historical development. Myrdal rightly notes that "it is in this sector [agriculture—

¹ V. I. Lenin, *Collected Works*, Vol. 24, p. 500.

² *Ibid.*, Vol. 28, p. 309.

³ G. Myrdal, *Op. cit.*, Vol. II, p. 1374.

Authors] that the battle for long-term economic development in South Asia will be won or lost".¹

But from this and similar statements there ought to follow an unequivocal evaluation of the period that the people of this region are now passing through as a stage in the struggle for consolidating independence, for democracy in the broadest sense of the word, and for an advance of the productive forces and the welfare of the working sections, the elimination of ignorance, superstition and obsolete forms of consciousness. We are still confronted with the pre-socialist, general democratic stage of the revolutionary process, but this does not take the heat out of the class struggle against both imperialism and the internal reactionary forces. To make an objective scientific analysis a research scientist must study the *dramatis personae* of this struggle—the classes and strata, parties and organisations, the rank and file of a given social group and the political leaders. It is regrettable that in Myrdal's work South Asian society seems devoid of a class and political individuality.

It is true that the social pattern in the countryside and small towns rests on centuries-old traditions. But class relations in the big urban centres, as regards the working population, are based mainly on wage labour. The comparative fewness of such centres, the absence of developed capitalist methods of production in the secondary and tertiary sectors of the economy, the tremendous influence wielded by religious, tribal, estate and caste customs, the various traditional occupations, the small-scale craft forms of production and exchange, the organic combination of the craft and domestic industry with trade, with the Oriental bazaar,—all this creates in the towns of Asia and Africa numerous stratifications in the form of a "secondary" social pattern which, together with the main pattern in the leading cities and modernised regions, forms a symbiosis unknown in the West. These stratifications of pre-bourgeois and bourgeois forms of production and exchange, of human relations and social psychology are inherent in lingering transitional patterns with ineffective production and immobile social relations and they are what distinguishes the modern city in the East from the cities of the capitalist West.

¹ *Ibid.*, p. 1241.

In conditions of political independence, when the development of capitalism in Asian and African countries has made noticeable headway, the number of "modernised" regions is swiftly increasing. These are regions in which capitalist methods of production and exchange and corresponding relations between people have spread. It is this state of society that may rightly be called transitional, transitional to capitalism because the capitalist structure, though it does not dominate in the village, and even in the big cities and "modernised" regions acts jointly with the pre-capitalist structures, is nonetheless the only leading structure in the group of the newly-free countries whose ruling circles are out to follow the capitalist path.

In the agricultural regions of newly-free countries the traditional social relations prevail—clan and tribal (Africa) and patriarchal-feudal (Asia) or, as is more often the case, their derivatives, transitional from the natural to the small-scale commodity economy and from the latter to the capitalist economy. Although the social pattern in the village is more stable and less mobile than in the "modernised" regions or cities which are affected by capitalism and are its carriers, relations between classes, their economic and socio-political positions in the countryside reflect not only the constantly eroded but still strong traditional pattern, but also the growing commodity and capitalist penetration, especially noticeable in the last two decades.

Thus, even in the remotest regions of both continents few places remain untouched by the formidable impact of the market economy. The tribal or religious community of peasants and craftsmen has disintegrated or is gradually withering away. Nor have the big undivided families belonging to one and the same social unit survived in their pure form. There is no homogeneous peasantry sharing equal property status. In the countryside, in agriculture—in crop and animal husbandry—the social laws prescribed by religion, custom and tradition, have survived to a greater degree than in other sectors of the economy or life. But, while they generally prevail over all other laws, they are losing more and more of their efficacy, purpose and significance. The economic laws of the commodity economy are breaking their way through the crust of traditions and gaining strength. Cultural, caste, religious, language and tribal communities,

which still conceal the village under a dense veil of outwardly immutable traditions, are weakening and withering away.

Socio-economic changes in the countries of the East have greatly increased the mobility of the once immobile population, intensified the mutual ties and interdependence between the rural and the urban economy, between the agricultural and industrial sectors, the rural and urbanised population. In the last quarter of a century the population increase in Asian and African cities has been so great (chiefly because of the influx from the villages) that it exceeds the entire urban population of the two continents on the eve of the Second World War.

The growth of international trade and the expansion of the means of transport have undermined the natural self-sufficiency of the countryside: the rigid bounds of the division of labour in the old village greatly weakened and in some places demolished the old social barriers to individual enterprise and private economic initiative. In most rural areas of Asia money exchange long ago replaced barter. The comparatively high level of development of wage labour in agriculture, especially in the Arab East, South and Southeast Asia (to a much smaller extent in Black Africa) shows that commodity-money relations, intensively utilised by merchant and usurious capital for enslaving the small commodity producer, are being increasingly supplemented by the development of capitalist exploitation of the increasing number of wage workers. Ethnographic studies show that the growth of cities, the division of trades and forms of employment, new kinds of economic activity and the substantial advance of education are steadily breaking down the one-time undivided patriarchal control of the family.

Much wider horizons have been opened to the rural population by the winning of state independence, the continued political movement for national liberation, the striving for economic independence, abolition of the big estates in many Asian countries, the extensive parcelling out of cultivated land, the growth of plantations and seasonal work, extension of the formal rights of tenants and the increase in the number of peasant landowners. The replacement of the old social order by a new one is bringing more and more modern economic patterns. This means that the time has come for

serious changes in the position of the peasantry, for increased resistance by the rural working sections to all types of oppression by the landed proprietors and other rural exploiters.

There are two diametrically opposed views concerning the attitude of the peasantry to socialism and, in this connection, the attitude of the revolutionary vanguard to the peasantry.

The first view is that the peasant can be in favour of socialism only if he abandons his inherent social position and, becoming a rural or urban wage worker, accepts the view of the proletariat. This is the traditional Social-Democratic standpoint. It is marked by passivity with regard to the peasantry, and failure to understand its place and potential role in the struggle for socialism. In Russian literature this viewpoint was expressed by G. V. Plekhanov in his work *The Proletariat and the Peasantry*. He wrote: "One major psychological condition is undoubtedly needed for the small farmer to take his place under its [Social Democracy's — *Authors*] banner: he must become convinced that small landownership has outlived its time and that private ownership of the means of production must give way to social ownership. In other words, he has to renounce the viewpoint of the small producer and accept the viewpoint of the proletariat. Given this condition, Social Democracy, of course, must accept him in its ranks. Moreover, by its propaganda and agitation it must facilitate his transition to the new viewpoint, which is not customary to him. But until such a transition is made, as long as the farmer demands measures which would ensure his existence as a small producer, as long as he strives not for a social revolution, but merely for some social reforms which would retard the triumphant march of big capital or restrict the sphere of its invasion, he is not a socialist, and he has nothing to do among socialists. And if Social Democracy were to support his aspirations, it thereby would come into irreconcilable contradiction with its own fundamental task which consists not in retarding the development of capitalism, but in making use of this development in the interests of the social revolution."¹

This was written about 70 years ago. Plekhanov's view

¹ G. V. Plekhanov, *Works*, Vol. 12, Moscow, 1924, p. 293 (in Russian).

was shared by the Social-Democratic parties of Western Europe as regards the peasantry in general and the colonial peasantry in particular. What is more, it persists to this day. Both in the past and now, this view absolutises the experience of some European countries and makes a dogma of the idea that the road to socialism always, under any circumstances, passes only through the development of capitalist society. Such a solution of the question concerning the attitude of socialism to the peasantry is entirely abstract, it is not linked with the conditions of the struggle, the concrete situation and national historical distinctions. It does not take into consideration the real role of the peasantry in the colonies in the anti-imperialist, national liberation, agrarian-peasant revolution and, therefore, is inapplicable and remains a dead letter.

This view, as applied to our epoch, completely ignores the fundamental distinctions of agrarian, former colonial countries, pays no attention to the fact that they are quite capable of becoming socialist-orientated during the development of general democratic, peasant, national liberation, anti-imperialist movements, which are by no means socialist in nature to begin with. However, the numerically small socialist vanguard must support and organise them and, given the subjective and objective conditions, also lead them if it does not want to lag behind the revolutionary process. The dogmatic position of Social Democracy was long ago rejected by the revolutionary movement and it has never enjoyed success in Afro-Asian countries. A special service in this field has been rendered by the experience of the Russian revolutions, the Leninist agrarian programme, the activities of the international communist movement and the Communist International, which placed the intricate problem of the link between the peasant movement and socialism, particularly as applied to agricultural colonial countries, on an entirely new footing.

In our own day, as the revolutionary movement has developed in agricultural countries another, opposite, but no less one-sided concept has acquired a certain currency: The peasantry, taken as a whole, is regarded as a confirmed and consistent supporter of socialism. This concept has been expounded in some statements and documents of national democracy in countries of the Arab East, Africa and Asia.

Such a stand is to a certain extent correct only at the stage of general democratic reforms in whose implementation the peasantry as a whole, together with other petty-bourgeois and even bourgeois sections, is vitally interested and to which it gives its active support. The contribution made by the peasantry as the most numerous class of society to the fight for national independence, for land, especially where it assumes the form of an armed struggle, tends to justify what is actually an uncritical application of the revolutionism inherent in the peasantry at the general democratic stage to a different, socialist stage, i.e., the mechanical carrying over of this revolutionism from a lower to a qualitatively higher level of revolutionary development. Supporters of this view see proof of the peasantry's inclination towards socialism in its adherence to the communal and clan traditions, to the social principles of Islam, Buddhism, or Catholicism. These religions, true enough, are still fairly influential in many developing countries, although they have lost most of the features of patriarchal socialism ascribed to them in the idealised approach to the peasantry.

It should be borne in mind that there also exists another branch of petty-bourgeois nationalist ideologues and political leaders who directly counterpose the revolutionism of the peasantry to the revolutionism of the proletariat as a higher to a lower type; at times they totally deny the revolutionism of the urban proletariat. For example, Franz Fanon's book *Les damnés de la terre* is full of the idea that genuine socialism can grow up only on the soil of fidelity to peasant, communal traditions, that the working class is part of the fallacious "Western", "urban", "bourgeois" civilisation and, consequently, cannot lay claim to be the carrier of socialist ideals.

There are also other types of denial of the special role of the working class and its alliance with the peasantry. These are linked with Maoism, with absolutising the peasant, predominantly armed, guerrilla, and often anarchistic methods of struggle. The Maoist concept does not provide for the need to combine armed forms of struggle in the countryside with strikes and, under favourable conditions, with armed struggle of the working class in the cities. It regards the urban centres as bulwarks of reaction and advocates surrounding them by the forces of the rebellious

village, thus ignoring the tremendous revolutionary energy and political experience of the industrial proletariat.

Marxism-Leninism regards as unscientific and non-realistic these diametrically opposed views. It rejects any views which deny that it is possible and necessary for the working class to fight in alliance with the working peasantry for socialism, because such a stand delivers the peasantry to the mercy of the bourgeoisie and deprives the proletariat of its strongest ally. Nor does Marxism accept the romantic Narodnik exaggeration of peasant revolutionism, the concept of the peasantry as the most consistent fighter for socialism, because such a concept leads to the replacement of socialism, at best, by petty-bourgeois radicalism and anarchism and, at worst, by bourgeois reformism.

Despite the differences existing between the economically and socially backward peasant countries of Asia the political possibility of transition to the non-capitalist stage and, from it, to the socialist stage of the revolution, is largely determined by the anti-imperialist potentialities of the working peasantry which comprises the majority of the population in these countries. Naturally, it is very important, utilising these potentialities, to educate and organise the working peasantry, the more so since the numerical strength of the semi-proletarian elements and also of the agricultural proletariat is steadily increasing among the rural population. Any alternative transition to socialist changes is impossible without the organisation and the education of the peasantry by the political forces which are in the van, without their seeking alliance with the working peasantry, with the countryside.

Lenin's stand on this question is crystal clear, and it is of exceptional importance today. Lenin not only proved the thesis that the movement of the overwhelming majority of the world population, starting against imperialism, ultimately would turn against capitalism; he also demonstrated that, entering the revolutionary struggle for their vital demands, petty-bourgeois sections, i.e., above all the peasants, "inevitably . . . will bring into the movement their prejudices, their reactionary fantasies, their weaknesses and errors. But *objectively* they will attack *capital*."¹

The peasantry in Asian countries, waging a struggle

¹ V. I. Lenin, *Collected Works*, Vol. 22, p. 356.

against imperialism and the survivals of feudalism and for its own specific demands, must "attack capital", both "foreign" and "its own", which penetrates the village from the outside or is gradually crystallising within it. Never before has pre-capitalist oppression of the peasantry been combined with its capitalist exploitation on such a scale as in our epoch. The objective result of all this is that the poor peasant and the semi-proletarian—the central figures in the Asian village—become spontaneous anti-capitalists.

We refer not only to the objective anti-capitalist nature of peasant actions. As capital is increasingly personified also in rural oppressors of a new type, the working peasant to a smaller or greater extent consciously opposes the developing capitalist order.

Hence, the natural thing to ascertain in formulating an agrarian programme and policy is which of the two contradictions linked with the peasantry is of decisive significance—the contradiction *between* the peasantry and the carriers of feudal, pre-capitalist and landowner-capitalist methods of exploitation or the contradiction *within* the peasantry. At the present stage of non-capitalist development the first contradiction still prevails. In this respect the peasantry as a whole in some countries and large areas (states, provinces) preserves certain grounds for joint revolutionary action. At the same time development along the non-capitalist path demands the closest attention to the class stratification in the countryside, demands vigilance with regard to kulak and landowner-capitalist exploiting tendencies which quite often are veiled by patriarchal-tribal and caste relations, and also demands cohesion and organisation of the semi-proletarian and proletarian sections of the rural population.

It should be taken into account that most Asian countries, especially those developing in the capitalist direction, are marked by a high degree of "de-peasantisation", i.e., the ruin and pauperisation of the peasantry. As for the kulak stratum, in a number of countries it is already quite considerable (10-20 per cent of the households). Owing to the weak class differentiation in the countryside and the absence of a crystallised urban industrial bourgeoisie, the kulaks, together with the trading and bureaucratic bourgeoisie, represent the principal carriers of capitalist tendencies on a nationwide scale.

The way out of these very real contradictions would seem to be in making the fullest possible use of joint struggle by the entire peasantry for common interests—against neo-colonialism, the oppression of foreign monopolies, the seizure of communal lands for plantations and the mining industry, and against high indirect taxes, for the establishment of farm produce prices acceptable to the peasantry, the provision of cheap credit, the development of marketing and consumer co-operatives, and so on.

But there can be no standard approach to this matter. Asia already has countries and, within their bounds, vast areas where capitalism has made considerable inroads in agriculture. As a result of bourgeois land reforms in these countries, feudal-landowner exploitation of the peasantry has been substantially restricted and some of its more obnoxious forms have been eliminated. Reform has above all benefited the national bourgeoisie (expansion of the home market, influx of capital into agriculture and a high level of exploitation of agricultural workers), and also a thin stratum of landowner-capitalists, the upper stratum of the peasantry and the well-to-do middle peasants (from being tenants they have become owners, who also rent additional land; they are closely linked with the market and often employ hired labour). But in these areas, too, a great deal still remains of the old contradictions between the peasant mass and the carriers of pre-capitalist, semi-feudal bondage. The number of peasants deprived of land and work and actually ousted from agricultural production has increased. The relative agrarian overpopulation has become unbearable. Peasant *landownership* has increased as regards the number of owners and area, but peasant *land use* in area remains more or less static, and in a number of countries it has even somewhat declined. Millions of peasant tenants have been evicted from lands on which large farms of landowner-capitalists and peasant entrepreneurs have been set up.

Let us examine the norms of landownership introduced in some countries as a result of reforms, what is usually called the landownership maximum ("ceiling"). It would not be far wrong to say that the "ceiling" largely characterises the reform itself. Since there has been neither nationalisation of all land nor confiscation of landed estates in favour of the peasantry, the established landownership maximum repre-

sents, as it were, the degree of radicalism in solving the main question—the quantitative norm of allowed private landed property. Naturally, it is a matter not of an average arithmetical approach, but of a class approach reflecting the relationship of forces in the countryside. Let us examine the situation as regards landownership in these countries after the implementation of land reforms. The picture is as follows.

The Arab Republic of Egypt. After the high “ceilings”, fixed in the mid-1950s and early in the 1960s, which may now be regarded as intermediate, the latest maximum was set at 42 hectares. By 1966, 397,000 hectares or 10 per cent of the entire cultivated area, had been alienated from the landowners: 351,000 hectares from the state, disused and alienated lands had been turned over to 350,000 peasant families. Up to 40 per cent of the landless peasants had been given allotments. The progressive nature of the reform is obvious and is further emphasised by the fact that the Egyptian peasantry pays no redemption to the landowners and enjoys great state assistance in credits, seed, machinery and equipment. Israeli aggression impeded the completion of agrarian reform in the Arab Republic of Egypt. The main reserve of land suitable for cultivation is the new areas which are becoming available as a result of completion of the Aswan High Dam.

Syria. After a number of reductions the landownership “ceiling” is still relatively high: from 15 to 55 hectares on irrigated land and from 80 to 300 hectares on non-irrigated land. This enables the propertied sections of the peasantry to engage in commercial farming. By 1968 reform had made it possible to alienate from the landowners 1,400,000 hectares, 25 per cent of the entire cultivated area; of this 672,000 hectares had been turned over to 40,000 peasants which, however, satisfied only 11.1 per cent of the land-hungry peasant families.

The reform in this country is of a positive nature because it has substantially reduced the area held by landowners and has handed over much land to the peasantry. The importance of the reform for the working peasantry will be further raised after the Euphrates Dam and a large reservoir are completed, which will improve the allotments received by the peasants.

Iraq. By 1969 a rather high landownership "ceiling" had been legalised: from 10 to 150 hectares on irrigated and from 250 to 500 hectares on non-irrigated land. An idea of how feudal and semi-feudal landownership stifled the Iraqi countryside can be gained from the fact that even under this maximum 50 per cent of the cultivated area was alienated from the feudal elements. Former landed estates and also idle state, disused and newly-developed lands (altogether 3.3 million hectares) were distributed among 268,000 peasant families. As a result, up to 35 per cent of the landless peasants received allotments.

Pakistan. In the Western part of Pakistan, a country ruled by landowners and the bourgeoisie, quite a high "ceiling" was set in 1963—200 hectares of irrigated and 400 hectares of non-irrigated land. But even this maximum made it possible to alienate 1,200,000 hectares from the Pakistani landowners and turn them over to 300,000 peasant families. The actual significance of the reform is small: the entire alienated area comprises only 4.1 per cent of the cultivated land in Western Pakistan which belongs primarily to big, middle and small landowners.

India. A struggle has been going on for years between the democratic and reactionary forces in the states and in the centre over the landownership "ceiling". It was set at an excessively high level, with an obvious tendency merely to "decentralise" big landed proprietorship through partial fragmentation and to preserve middle landed proprietorship.

A census taken at the end of the period of reforms (1961) showed that peasant farms having less than 2.4 acres (less than one hectare) and comprising 39 per cent of the total, held 6.9 per cent of the entire cultivated area; farms from 2.4 to 7.3 acres (1 to 3 hectares) making up 35.5 per cent of the total, held 24.1 per cent of the cultivated land. In other words, these two largest groups of the peasantry at the bottom of the table—74.5 per cent of the total—had only 31 per cent of the entire cultivated area. The disproportion between the number of these farms and the area they held was unusually large (2.4:1). At the same time the two top groups—from 24 to 50 acres, and from 50 acres upward—making up 4.5 per cent of the landholdings, owned 29 per cent of the cultivated land. Consequently, 4.5 per cent of the owners had almost as much land as the 75 per cent who

represented the peasants having little land. Moreover, there are also from 50 to 70 million landless peasants. According to data of the latest national selective survey made in post-reform conditions (1959-1961), 61 per cent of Indian peasants own no land.

In these conditions of tremendous land inequality the majority of the peasants naturally expected a just solution of the land question. But the bourgeois-landowner circles in the states, not without connivance at the centre, fixed "ceilings" which were deliberately designed not to give the peasants allotments from the areas held by the landowners, to conceal the surpluses and utilise all kinds of machinations and loopholes to circumvent the law. The following "ceilings" were set in the various states: Andhra Pradesh, from 27 to 324 acres; Assam, 50 (recently reduced to 25); Bihar, from 20 to 60; Gujarat, from 19 to 132; Jammu and Kashmir, 22.75; Kerala, from 15 to 36 (in 1970 the government headed by the Communist A. Menon reduced this "ceiling" to 6-20 acres per family); Madhya Pradesh, from 25 to 75; Tamilnadu, from 24 to 120; Maharashtra, from 18 to 126; Mysore, from 27 to 216; Orissa, from 20 to 80; Punjab, from 27 to 100; Rajasthan, from 22 to 336; Uttar Pradesh, from 40 to 80; West Bengal, 25; Delhi, from 24 to 60; Himachal Pradesh, 30; Manipur, 25; Tripura, from 25 to 75 acres.

Even a cursory glance makes it possible to draw the conclusion that, strictly speaking, no real maximum was established with the serious intention of satisfying the needs of the working peasantry. The range "from" and "up to" was so wide and flexible that given the persistence and adroitness readily available among corrupt officials, it was possible, within the set limits, to conceal *all* or *almost all semi-feudal landownership in India* by dividing the big holdings between members of a family or relatives. True, the estates of the zamindari, the big landowners, who, as a rule, were parasitic rent-receivers and did not engage in farming on their own, have been abolished. The old statutory zamindari and jagirdari, this important mainstay of British rule in India, are no more. But, as shown by studies, from the viewpoint of the peasantry this was rather a process of prolonged fragmentation and transformation of big zamindari into average landed proprietors with a distinctly pronounced tendency towards capitalist development.

The main weapon of the landowners in the struggle against the reform was the concealment of the land surpluses and deception of the peasantry, which were elevated into official policy. For example, the surpluses above the fixed "ceilings", actually discovered on the 340-360 million acres of cultivated land where landed proprietorship has always been the dominant force, amounted only to 2,410,000 acres or 0.6 per cent of the cultivated area. It is interesting to note that even of these insignificant surpluses only 1,039,000 acres, or less than half, were distributed among the peasants. On the other hand, in the state of Jammu and Kashmir alone where the lowest ceiling of 22.75 acres (about 10 hectares) was fixed, 450,000 acres of surplus land were brought to light and handed over to peasants.

An interesting picture emerges: for the country as a whole surpluses of 2.4 million acres were found and 1 million acres were distributed, of which almost half was in Jammu and Kashmir. The Kashmir example reveals some aspects of the agrarian policy of the bourgeois-landowner circles. This state is inhabited by 3.6 million people, of whom 83 per cent are rural dwellers. The peasants are Muslims, while the landowners are Hindus. It will be recalled that Kashmir was the cause of the Indo-Pakistani conflict. It is this circumstance that prompted the ruling element of the state to apply here the most radical solution of the land question in favour of the peasantry in order to create a secure interior in conditions of foreign political tension.

Kerala is another state of India where a radical land reform was effected. The "ceiling" of 6-20 acres, fixed by the government headed by the Communist A. Menon, and the participation of the peasants themselves in implementing the reform, ensured that it was definitely anti-feudal.

It should be emphasised that while the bourgeoisie and the landowners tried to "reform" rural landownership to their own maximum advantage, no serious nationwide peasant movement existed in the country, although there was sporadic local action. The advanced part of the peasantry demanded land, work and food. But tens of millions of landless peasants meekly endured poverty, starvation and unemployment. On the whole the countryside believed that a day would soon come and bring land with

it. The rural officials, landowners and rich peasants tried to foster among the peasants the illusion of a forthcoming just division of the land. Exploiting the weakness of peasant associations, which enjoyed little influence and were amorphous organisations, as well as the caste, national, tribal, language and religious contradictions within the peasantry, they sought, not without success, to uphold their main privilege—possession of the land.

A new period is now on the way, a period of deep-going changes in the Indian countryside, in the mind of the peasantry. Capitalism has advanced considerably and has destroyed unity of the peasantry as a class and an estate. The entrepreneurial sections, which comprise about 10-15 per cent of the peasants, are satisfied with the reform and are efficiently utilising it. There are about as many fairly prosperous peasants who strive to become farmers employing hired labour. They make up about 25-30 per cent of the owners. The rest of the peasant population consists of middle, poor and very poor peasants who have little land or have received plots for which they pay compensation, but in the main are tenants; and, lastly, comes the army of landless agricultural workers and day-labourers.

The government of Mrs. Indira Gandhi recognises the grave condition of the Indian peasantry and tries to come to its aid.

The incompleteness of the land reform, the mounting class differentiation in the countryside, the worsened conditions of the masses of the working peasantry and agricultural labourers, led to sharp agrarian conflicts in a number of states in the autumn of 1970: without authorisation the poorest sections of the peasants took over tracts held by the landowners. Rejecting the selfish policy of the Right-wing forces, the influential circles in the Indian National Congress Party are trying to push ahead with the land reform interrupted by reaction. The conclusive victory scored by this party at the March 1971 elections to the House of the People creates the possibility of abolishing big and middle landed proprietorship, redistributing the land in favour of the working peasantry and justifying the expectations of the countryside. The peasantry is thirsting for land and hopes to receive it as a result of a just law.

Here are data for Iran and Turkey.

Iran. The agrarian policy of the Iranian Government in the last ten years is an example of the gradual adaptation of the feudal countryside to the intensive development of capitalism. This is a class policy conducted by the ruling circles with the aim of applying "preventive" reforms. Their essence is to restrict and curb the feudal landowners.

Big feudal landownership existed in Iran for centuries. The landowner did not engage in farming but leased the land that belonged to him in tens and hundreds of villages on the basis of a sharecropping system. Since he owned the land and the water and in many cases the draught animals and seed, he appropriated from 40 to 80 per cent of the crop. For the big landowner sharecropping on fettering terms in conditions of tremendous agrarian overpopulation was the most profitable form of exploiting the peasant. The place of a ruined or evicted sharecropper never remained vacant.

Some 10-15 years ago the Iranian countryside was gripped by a deep crisis of the agrarian system. The land reform initiated from above in 1960 encountered the stubborn opposition of the feudal elements. At the first stage of the reform the landownership "ceiling" was set at 300 hectares of irrigated or 600 hectares of non-irrigated land. At the second stage (1966) it was substantially lowered, respectively to 30-50 and 80-200 hectares. As a result, 513,000 families or 40 per cent of the landless peasants received allotments.

A large residue of the semi-feudal system still exists in the Iranian village. Today it is not only the land problem, which has been eased to some extent, but also a number of new problems in the life of the working peasantry and agricultural labourers that are on the agenda. They are linked with shifting the countryside toward a new agrarian system and the intensive development of the commodity and capitalist economy.

Turkey. This appears to be one of the few, if not the only, country in the East, which, alongside big landed proprietorship—this is a general phenomenon—also has large-scale landowner farming, which has long been developing in the framework of the big estates. In 1965 a "ceiling" of from 200 to 500 hectares was introduced by law. Its purpose is to preserve and develop highly commercial landowner-capitalist

farming, and to raise the upper crust of the peasantry to a level of farming which is of the same type as of the big landowner-capitalists.

Although as a result both of the reform and of prolonged development the capitalist structure has been established approximately on half of the landed estates (4 million out of 7.7 million hectares), this maximum has enabled the state to confine itself to alienating from the landowners no more than a symbolic 59,000 hectares or 0.3 per cent of all the cultivated land. This, naturally, did nothing to solve the problem of peasants with little or no land. To mitigate its acuteness peasants were allotted 2 million hectares of state, disused and newly-developed lands (according to data of 1960); 394,000 families or 30 per cent of the landless peasants received allotments. Thus, the Turkish Government's policy has been to support already established big landowner-capitalist farming.

How can the general results of the land reforms be evaluated in brief?

In countries of a socialist orientation we find a fairly clear picture of the land reforms becoming more and more radical by stages. The stages of agrarian reform are marked by consistent lowering of the landownership "ceiling" in Syria and the Arab Republic of Egypt. Iraq, too, follows the example of these countries to a certain extent.

The terms on which peasants are given land are being improved. Compensation to former landowners for the alienated land has been entirely abolished in the Arab Republic of Egypt. In 1969 Iraqi peasants were fully relieved of redemption payments, as a result of which the landowners lost about 50 million dinars. In Syria peasants have been given a 75-per cent reduction of the value of the land or of the outstanding redemption payments. Small peasant owners represent a big force which exerts considerable influence on social life in states of a socialist orientation. The authorities have to take it into account in their efforts to make the peasantry their mainstay.

That land reforms are becoming more radical under the pressure of the peasants' struggle is also evident in countries which develop in the capitalist direction. But here the reforms are largely restrained by the frenzied resistance of the reactionary classes. In Pakistan, Turkey, the Philippines and

some other countries the system of big landed proprietorship still retains strong positions. The land reforms have deepened the antagonistic class contradictions and have intensified the development of capitalism, whose influence and power are felt more keenly by the working peasantry. The small commodity structure is being extended (both by giving certain private property rights to some of the tenants and the peasants with little or no land and also by drawing new branches of the natural economy into the sphere of commodity-money relations), but its positions are steadily being undermined.

It would be wrong to assert, as Professor Myrdal does, that the land reforms have failed. This is not the case. They have led to the redistribution of land in favour of the upper and a certain part of the middle strata of the peasantry. They have increased the number of peasant owners by compelling them to redeem the land from the landowners through the state. The reforms have been utilised by those for whom they were intended—the bourgeoisie, kulaks and landowner-capitalists. The kulaks and the upper stratum of the middle peasantry are moving further and further away from the general peasant struggle for land, although they participate in the struggle for some other general peasant problems, their land appetites having been more or less satisfied. They are partly going over to the capitalist way of farming and in a number of countries and areas oppose any reduction of the land “ceiling”. A new situation has begun to emerge in the countryside. The position of the semi-proletarian sections and a considerable part of the middle peasantry, not to speak of the utterly rightless day-labourers, agricultural labourers and seasonal workers, has not improved, and in a number of countries has deteriorated (Pakistan, Indonesia, the Philippines, Turkey, Iran, and other countries); they are exploited more intensively by the kulaks, money-lenders and landowner-capitalists. Most of the peasants in this category received no land and the demand for a truly democratic, radical land reform in the interest of the majority of the peasantry still holds, and will hold for many years, the central place in the social conflicts in the countryside. But now the struggle is already waged not only and not so much against the feudal and semi-feudal landowners as against the landowner-capitalists and kulaks with big-landowner

tendencies—and moreover, both for land and in defence of labour against capital.

A radical solution of the agrarian question in South Asian countries undoubtedly could also release the peasantry from survivals of feudalism, the tribal system and patriarchalism. But in conditions of the pre-capitalist order even a consistent, radical redistribution of the land and the implementation of the slogan “the land to the tiller”, cannot automatically bring about a fundamental advance of agricultural production. With the gigantic agrarian overpopulation, acute shortage of developed and irrigated lands, and the unprecedented fragmentation of peasant land use, the implementation of this slogan would presumably bring into being a huge mass of small and tiny, predominantly subsistence peasant farms which would strive to provide food for their own family. A new period of ruin of the small peasant and growth of big farms would inevitably begin, with all the suffering of the working people following therefrom.

The essence of the class struggle in the village of the East today, as distinct from Russia at the end of the 19th and early 20th centuries, ultimately consists in the confrontation of two trends of development—the non-capitalist and the capitalist. It is clear what capitalist development can bring: it means remaining in the system of the world capitalist economy and basing agriculture on small and tiny, semi-commercial, semi-subsistence peasant farming, moreover, in conditions of extreme industrial backwardness, low level of accumulation and scientific and technical dependence on foreign capital—it means deliberately dooming a country to the perpetuation of its unequal, neo-colonialist position.

Reforms in the capitalistically developing countries have not alleviated the tense situation in the countryside. Capitalist methods of exploitation have not completely ousted the pre-capitalist forms of oppression of the peasants, which are displayed in arduous forms of tenancy, sharecropping, in the rapacious activity of merchant and usurious capital, in the social degradation of the poor and in the arbitrary actions of government officials. Bourgeois reformers of the agrarian system want to conceal, to camouflage its pre-capitalist features so that they are not so obvious to the peasants as they were before the reform. Non-economic pre-capitalist methods of exploitation, which bedevil the agrarian system

of the post-reform Eastern village, are in the interest not only of the landowners and feudal elements but also of bourgeois entrepreneurial elements in the countryside: landowner-capitalists, merchants, money-lenders and kulaks. As a rule all of them utilise these survivals to supplement the capitalist methods of accumulation by non-economic appropriation of the results of the peasants' labour.

Credit and marketing co-operatives have grown noticeably in recent years in the villages of Eastern countries developing along the capitalist path. On closer scrutiny it is easy to establish that co-operatives are most often exploited here for selfish ends by the kulaks, "modernised" merchants, money-lenders and landowner-capitalists. It is they, as a rule, who become the initiators and leaders of co-operative organisations and steer their activity into a channel that is to their own advantage. Such co-operatives are designed to camouflage the class contradictions between the main mass of the peasantry and the exploiting classes. Professor Myrdal, too, admits this in his own way.

In India, during the period covered by the Second Five-Year Plan, Myrdal points out, "the approach to community development was modified". The benefits formerly derived from this programme by the upper strata in the village have further increased because, according to recommendations of both Western, primarily American, and Right-wing Indian experts, "more energy and resources should be devoted to expanding agricultural output and far less to providing social and cultural amenities. . . . As things worked out, there was a tendency to favour not only the wealthier residents within a village but also the wealthier villages and regions."¹ In other words, Myrdal asserts that since the mid-1950s, disintegration and social fragmentation processes have been intensified in the Indian village both along class-vertical and regional-horizontal lines.

Continuing his reflections, Professor Myrdal again draws near to Marxist assessments. "Although Indian leaders profess [he refers to the mid-1960s—*Authors*] to want to see agriculture assume a more 'socialist pattern', their own community development program has the effect of making agricultural practice more capitalistic."² Myrdal defined earlier

¹ G. Myrdal, *Op. cit.*, Vol. II, p. 1341.

² *Ibid.*, p. 1345.

the social orbit of this capitalism, but what happens outside of it is left out of consideration.

His evaluations of co-operation, in particular, proceed from a realistic understanding of its true essence. Thus, according to Myrdal, "co-operative farming as practiced in India may offer some genuine advantages to the landowning interests. Many urban landowners, in particular, regard this system as a convenient device for converting sharecroppers into wage laborers, and hence a means whereby absentee owners of even relatively small pieces of land can—without giving up their absenteeism—reap gains from agricultural modernization that are unobtainable when the land is cultivated by sharecroppers".¹

In Marxist literature, especially Lenin's writings, co-operation has been recognised above all as a democratic form of disclosing contradictions in capitalist and pre-capitalist times. It is through the utmost democracy of such disclosure that the general antagonistic nature of every kind of patriarchalism and other historical anachronisms is revealed. When Professor Myrdal writes that "traditional status distinctions between landowners and landless labourers and sharecroppers are maintained and, under the cover of respectability provided by label co-operative, may even become more deeply entrenched", he is obviously talking about the undemocratic or, to put it more definitely, quasi-socialist variant of co-operation.

Indeed, co-operation which precedes the redistribution of the land, inevitably appears as some institutional Trojan Horse which turns against the low labouring strata and their traditional system of remuneration. That is why Myrdal is right in declaring that "laborers and sharecroppers have little reason to believe that they would gain anything from the pooling of land [in co-operatives—*Authors*]; indeed, they fear that it might deprive them of what little status and independence they have".²

Radical land reforms in favour of the working peasant and a more just system of distribution of incomes are important both for mobilising the productive energies of the people and also for liberating them from the traditions of

¹ G. Myrdal, *Op. cit.*, Vol. II, p. 1350.

² *Ibid.*, p. 1351.

slavery and submission to poverty and oppression, for elevating the personal and social dignity. Economically, the expansion of agricultural production and improvement of the home market, achieved on this basis, are, apart from anything else, an extremely effective means of attracting additional capital into the productive sphere and maximising productivity and enterprise in peasant farms. The Asian peasant, becoming independent of the landowner and the money-lender, can also fairly soon get rid of the conservative traditional institutions of redistribution inhibiting his development. Experience shows that in this respect, too, social reforms produce much more tangible results than the usual stimulation of slow capitalist development with the help of credit and tax benefits for the privileged classes and the upper stratum in the countryside.

Summing up then, it may be said that even after reform the working peasantry in capitalistically developing countries is not only the most numerous but also the most suffering and exploited class. Semi-feudal elements, embourgeoisified landowners, the more numerous kulaks and foreign planters have remained the owners of the land and in a number of countries also of the water, this prime requisite for farming in the East. There is reason to assert that as regards the working peasantry with little or no land and agricultural labourers the land question in the main has not been solved notwithstanding the reforms that have been introduced. Completion of agrarian reform in favour of the peasantry with the final elimination of feudal and semi-feudal land tenure in the countries of Southeast and South Asia and the Middle East with a population of about 1,000 million is still an outstanding task. What has been done in this respect so far demonstrates the inconsistency and irresolution of the national bourgeoisie, which has proved capable only of opening the safety valve in the village to prevent an explosion of peasant dissatisfaction.

In contrast to the capitalist way there is a fundamentally new, non-capitalist way of developing the countryside. With the active assistance of the state the new way will make it possible to protect the small peasant household from ruin, to stem the onslaught of private capitalism in the countryside and the town, to institute control over its development and, what is particularly important, gradually to awaken in the

working peasantry a desire for economic self-organisation in different forms of voluntary co-operatives, including production, which are free of exploiting elements. Among the tasks genuinely revolutionary-democratic states face in transforming the countryside, major significance attaches to a reasonable restriction of the activity of private capital, the development of new lands and the building of irrigation systems, the provision of credit to working peasants and co-operatives, the wide organisation of seed growing and of machine-renting stations and the supply of fertiliser to peasant farms, the effecting of a technical revolution in agriculture in the interests of the ordinary peasantry. Such are the main signposts on the road to the non-capitalist development of the village.

At the same time the experience of history teaches us that however good and accessible to the peasants the programmes of the ruling revolutionary-democratic circles are, their mere formulation is not enough to ensure the success of these changes. The massive organisation of the peasantry and agricultural labourers in unions, the development of a powerful democratic movement for the implementation of land reforms, for the abolition of money-lending, the curbing of trading capital and the setting up of peasant co-operatives, for the development of new land and water resources with the energetic assistance of the state, in a word, only organisation and defence of the daily interests of the peasants, only able leadership of the countryside by revolutionary democracy are capable of putting an end to all the hardships and privations of peasant life. This will require years, possibly very many years.

THE THEORY AND PRACTICE OF THE TWO WAYS OF DEVELOPMENT

An examination of the agrarian problems as such suggests that in present-day conditions the elimination of obsolete traditional institutions does not necessarily imply clearing the ground for capitalism. The majority of the farming population in Eastern countries is interested either in bypassing the stage of capitalist development or cutting it down to the minimum. And it is in the choice and in the

following of one path or the other and not, as Professor Myrdal thinks, in the recognition or denial of the mediating links between industrialisation and the social pattern, that we should look for the fundamental difference between the Marxist-Leninist and bourgeois approach to the reconstruction of society, including that of the small-scale production which prevails in South Asia. Behind these different approaches stand two real, though by no means equal alternatives of the socio-economic development of South Asian countries, namely, the capitalist and the non-capitalist ways.

Professor Myrdal, evading this general formulation of the problem, time and again tries to start a discussion with Marxists on narrowly specific, though important questions. In general one gets the impression that Myrdal, sensing the great attractive force of Marxism-Leninism and socialist experience, tries all the time to draw a line between his approach and the Marxist-Leninist approach, not disdaining even an excessively free interpretation of the latter. This unwitting gravitation towards Marxism and simultaneous shunning of it arises from failure to understand that economic development as a many-sided process, encompassing all types of production and the corresponding spheres of social life, demands the dialectical method of study, which Myrdal refuses to accept, although he cannot fail to see that it is Marxism that ultimately furnishes the only well-argued and correct answers.

Bourgeois science has always, and especially in the present period, tried to gain the initiative in moulding the ideas of future society in general, and in Third World countries in particular. With good reason. We are witnessing the spread of the sharpest ideological struggle in "Indian", "Southeast Asian", "Arab", and "African" studies, i.e., studies concerning the future of countries with a population of more than 1,500 million. Borrowing new social theories like the "theories" of the industrial or post-industrial society, the convergence of capitalism and socialism, the Keynes theory and all its varieties and applying them to the Third World today means renouncing a genuinely scientific study. Professor Myrdal, to his credit, has avoided this temptation. He has not assumed the basically wrong positions of the fashionable "theories".

But by presenting a critique of the Marxists he unwittingly

tingly extended a hand to his foes from the bourgeois camp. For all his repeated statements about the "bias" and "dogmatism" of Marxists, Myrdal, as a conscientious scientist, ought to admit that only Marxist economists, as a result of more than a century of the development of Marxist economic theory, and over half a century of practical experience of building a socialist economy and socialist culture, possess the only doctrine of its kind for the social reconstruction of both backward pre-capitalist and contemporary capitalist society. This all-embracing doctrine covers:

reorganisation of all the component elements, all the social interconnections of the system under reconstruction from its productive forces, through the totality of production relations, and up to all the institutions in the superstructure without exception;

theoretical planning and practice of all social regulation which encompasses the socialised and the individual economy of all existing classes, the social distribution of material goods and labour resources, the state structure, foreign policy, the armed forces, science, education, ideology and culture.

The Marxist doctrine, enriched by the vast experience of the class struggle and socialist construction, indicates to the peoples of South and Southeast Asia, just as to all the peoples in general, a difficult but entirely feasible path for eliminating backwardness and building the new society, a path which is optimal in respect of its economic parameters and ability to cope with any difficulties. Were Professor Myrdal boldly and logically, without any reservation, to ask the question, what social theory and what social practice furnish the Third World today with a real alternative to all the mire in which it is steeped by the will of foreign and its own capitalism, there could be only one answer, namely, the theory and practice of scientific socialism, i.e., Marxism-Leninism. It is here that Professor Myrdal falls short of the necessary theoretical consistency.

The 1970s have already shown clearer than ever before, that the struggle for consolidating national independence and winning social emancipation is increasingly shifting to the economic sphere. That socio-economic tasks have come to the fore is a natural result of the national liberation revolutions, which in the main have already successfully completed the stage of winning political independence. It goes

without saying that the further consolidation of the political independence and security of national states and also the strengthening of their role in the system of international relations remain a constant task. But now its accomplishment increasingly depends on constructive activity in the national economy and in the social system.

Western bourgeois ideologists and their echoes in the East, assessing the economic prospects of the new sovereign states, usually create an atmosphere of pessimism and helplessness as regards the national economic and social progress of Afro-Asian countries. On closer scrutiny it becomes clear that the main reason for this stand is the desire to justify the policy of neo-colonialism on the grounds that the Asian and African peoples supposedly cannot get along without the aid and tutelage of the imperialist states.

The realities, however, have revealed the insolvency of such an approach. An objective analysis presents a picture of impressive shifts and changes in the economic position of many young states. But it is also evident that progress is more difficult and its pace more modest than one could wish. The attainment of political sovereignty was a general national goal and on the whole it was secured by national unity. But socio-economic tasks have proved to be immeasurably more intricate and the ways and methods of achieving them necessitate highly diverse theoretical and practical exploration. Divergences have been brought to light in defining the very tasks of economic development, their sequence, means and the stages of their achievement. A distinct, so far small but increasing group of countries has emerged in the general stream of the national liberation struggle, countries which have chosen a socialist orientation and, moreover, are reaffirming it by practical action. The deeper the socio-economic processes in Asian and African states which have continued to follow or have chosen the capitalist path, the more persistently they are faced by a cardinal question: Is it not time to switch over to a path of swifter and reliable progress in the interest of the masses?

Behind the general outlines of the economic situation in contemporary Asia and Africa we discern encouraging features of growth. Total industrial output of developing states in the two continents (without Japan) in the last ten years (the 1960s) on the whole increased by 50 per cent,

the average annual growth rate, although not always stable, amounting to 7 per cent for Asia and 5.4 per cent for Africa.¹

Thus, the upward trend in the industry of young states is perfectly clear. Recently backward, fully agricultural countries now manufacture quite a variety of modern industrial goods: rolled steel, machine tools and equipment, motorcars, ships, rolling stock, power equipment, electronic instruments, chemicals, radio equipment, etc. Diversification of the economy is spreading. Multi-sectoral industrial development is under way in India, the Arab Republic of Egypt and Algeria. Changes in the national economic pattern are maturing in Iraq, Syria, Afghanistan, Iran, Turkey, Pakistan and a number of other countries.

The building of a national industry in some young states is also marked by the accelerated progress of heavy industry and the building up of import-substitute and export productive capacities. The technical and social aspect of agriculture is gradually being changed, and its output is increasing, not only of traditional raw-material exports, but also food, of which there is an acute shortage in many Afro-Asian countries. The introduction of modern agricultural machinery and the use of chemical fertilisers is on the increase and irrigation installations are being built on a large scale.

The infrastructure is being extended and modernised. In many countries railways and roads are being built and reconstructed, means of communication improved and the network of elementary, secondary schools and higher educational establishments and medical and cultural institutions extended.

Many young states have begun to arrange external economic ties which are utilised for the advance and reconstruction of their national economies. To begin with, their foreign trade increased substantially in the last ten years—by more than 50 per cent. Exports have been growing at a swift pace of 6 per cent annually on the average. Moreover, this also reflects the shifts in the economy, their composition is gradually changing—new lines of goods, among them

¹ *Yearbook of National Accounts Statistics 1969*, UNO, Vol. II, International tables, pp. 130-48.

manufactures, are being added to the traditional exports, primarily raw material and fuel. The range of countries with which young states are trading is being widened; some of them are becoming active trade partners of socialist states.

Besides foreign trade channels, Asian and African countries are trying to utilise international economic co-operation to promote their economic advance. Consolidation of their friendly co-operation with socialist states is especially noteworthy in this respect. Businesslike contacts have also been established between states of the two continents themselves. When one examines all these positive changes in the economic position of young Asian and African states, one naturally asks what has caused these changes. How were they brought about?

The first stimulus, of course, was the breaking of the foreign colonial shackles, which released the initiative of the newly-free peoples. The world socialist system, which in itself is a powerful factor of peace and detente, is increasingly operating in the same direction. Added to this, the national economic policy of developing countries and the measures they have taken to build up a new and reconstruct the old backward economic pattern have made themselves felt.

The cultural and economic role played by the national sovereign state has acquired paramount significance. In Afro-Asian countries this new factor is in effect the determining force of purposeful and long-term economic development and the reconstruction and modernisation of the social pattern. The scale, forms and efficiency of state regulation of the economy are shaped by the social path a country follows. In countries of a socialist orientation (the Arab Republic of Egypt, Syria, Algeria, Guinea, the People's Republic of the Congo, Burma, and others) economic development, especially industrial, has become the sphere of predominant or even exclusive state activity. In a number of countries in this region a wide, completely uncontrolled field of private enterprise has survived (Liberia, Ivory Coast, Senegal, Thailand, the Philippines, the Lebanon and others).

The *creation and strengthening of the public sector* is of key significance among the various forms of state regulation of the economy. When this sector covers, as is the case in a country of a socialist orientation, all major industries and

enterprises, favourable possibilities are created for the advance and reconstruction of the economy. Otherwise economic development becomes subject to private spontaneity. The public sector is advancing in the Arab Republic of Egypt, Algeria, Syria, Guinea and in states with a similar orientation. It plays a substantial role in the economy of India, Sri Lanka, Pakistan, Iran and a number of other Afro-Asian countries. In some of newly-free countries, however, the public sector is either very insignificant or acts merely as a stimulator of the infrastructure, the creditor, raw-material supplier and agent of private business in external economic relations.

In shaping the public sector, alongside new construction, an increasing part is being played by the *nationalisation of private, especially foreign property*. In recent years important steps in this direction have been taken, for example, in the Arab Republic of Egypt, Syria, Somalia, Algeria, Burma and a number of other countries.

The advance and transformation of the economy demand purposeful development and concentration of resources and efforts on the most important lines. So *forecasting and planning* are increasingly spreading in Asia and Africa.

National personnel are playing an ever greater part in economic construction, and their training, in view of the demands of modern science, has become a primary task of many young states. For this purpose they are setting up higher and secondary technical educational establishments and centres for the training of engineers, technicians, scientists, managerial personnel and workers. The new personnel are being increasingly employed in various spheres of the national economy, including leading posts. This promotes "Indianisation", "Arabisation" and similar processes in staffing the economic apparatus of young states and of the private sector.

Among the external factors facilitating the economic growth of Asian and African countries especial significance attaches to their co-operation with the Soviet Union and other socialist states. Soviet assistance is granted on easy terms with the payment of low interest on credits and, what is most important, it facilitates the solution of the vital task of advancing and modernising the economy in which the newly-free peoples are most interested.

Thanks to Soviet assistance a number of young states have succeeded in putting through tangible measures in the technical reconstruction of the economy, its industrialisation, consolidation of the public sector, improvement of agriculture and reorganisation of foreign trade. With Soviet help young states have already built and commissioned more than 300 important industrial and other projects—steel and engineering works, mines, oil refineries, hydroengineering installations, power plants, and so on. More than 450 projects are under construction.

The related exceptional difficulties, disproportions and contradictions stand out in bold relief against the background of the shifts in economic development of the two continents, and they show how thorny is the road from backwardness to progress. In most young states an agrarian economy still prevails to a greater or lesser extent; moreover, their agriculture is often based on one crop. Industrialisation is at the initial stage. On the whole industrial output is small, its share in world industrial output does not exceed 9-10 per cent; as for per capita industrial production it averages only one-twentieth of the figure for the developed states. The share of Afro-Asian countries in world trade, especially exports, continues to drop. Notwithstanding the higher rates of their industrial and economic growth as compared with developed capitalist countries, the lag in development is increasing. According to some calculations, the young states will require several decades (40-60-80 years, and some of them, 120-140 years) to reach this level if they do not raise steeply the absolute and relative rates of economic growth.

Burning social problems remain unsolved. The possibilities of extending employment are becoming more involved, unemployment in the cities and relative agrarian overpopulation in the countryside are on the increase; the hard lot of the masses has not been improved, and in a number of countries has even deteriorated, and there is a shortage of food. This situation is tragically aggravated by the massive population growth.

The true state of affairs is too well known to require detailed facts and figures. What is more important is to analyse the causes of these phenomena so as to find a way out of the situation. Its roots naturally are linked with colonialism, its grave consequences and the policy of neo-

colonialism now applied by the West. Factors which began to operate after the attainment of independence are playing an adverse part.

To begin with, the building up, advance and reconstruction of the national economy in many Asian and African countries are retarded and complicated by the spontaneous operation of private capital, both local and foreign, with the latter having particularly strong roots in the key sectors. In conditions of the backwardness of Afro-Asian countries, including those in South and Southeast Asia covered by Myrdal's inquiry, the capitalist way of development entails a painful increase of disproportions between various sectors and structures of the economy. The proper kind of sectoral pattern of the economy is slow to form. There may even be downright refusal to build it up rationally. Industrialisation on a national basis is impeded by the imperialist monopolies. Other factors which run counter to the general national interests come into play.

It may rightly be claimed that the economy of young states which have chosen the socialist orientation also has several dark sides. Admittedly, their growth is slower than it could or should be. But this is not due to a wrong orientation, to it being a mistake to adopt an anti-capitalist policy, as claimed by Western bourgeois ideologists and their reactionary supporters in Afro-Asian countries. The causes of the difficulties harassing these states are chiefly linked with their objective position, extremely limited material, financial and skilled labour resources and also the lack of experience of management in the new social forms. It is likewise necessary to add that imperialism overtly and covertly is trying to stifle socialist-oriented young states by a fierce financial-economic boycott; it is plotting political intrigues against them, organising anti-national conspiracies, stirring up separatist and tribalist reactionary movements, engineering sabotage, and applying direct military intervention against young independent countries.

The seizure and rapacious exploitation of natural resources, operation predominantly in sectors which do little to facilitate and even run counter to the general advance and modernisation of the national productive forces, the systematic export of profits which have long amounted to many times more than the initial investments—by all these actions

foreign monopoly capital inflicts tremendous harm on the newly-free countries. The scale of the damage is the greater, the more intensively foreign companies penetrate the economy of these countries. Particularly active are the US monopolies, which are making further inroads in a number of Asian and African states. West German, British and lately (especially in Southeast Asia) Japanese monopolies are competing with their American opposite numbers.

Their energetic penetration of the economy of young states, as always, is spurred on by the chances for swift enrichment. In India, for example, there are instances when foreign companies extract profits three times higher than what they could earn in their own countries; such cases are by no means exceptional for most Afro-Asian and Latin American states. It is for this reason that the volume of profits, dividends and interest syphoned off from them by the foreign monopolies, i.e., the annual outflow of capital, is almost twice as high as the net influx of private investment. This specific feature in the postwar activity of the monopolies has become a scourge for developing countries. Economic co-operation of newly-free countries with the socialist world and the latter's disinterested and active assistance to young states in building up their national economies, are compelling the imperialist powers to give some consideration to the needs of industrial development of Third World countries. Nevertheless, imperialist aid remains the basic content of the policy of neo-colonialism and economic expansion. The leading part in all these activities is played by the United States.

The true aims, nature and consequences of American aid are sufficiently known to progressive world opinion. Even the US ruling circles admit that it is limited, has a specific trend and in effect is reactionary. During discussions in the US Congress of foreign aid bill it has been repeatedly noted that its purpose is to support reactionary regimes and it is not given to governments which pursue an independent national policy. The main aid recipients are invariably the puppet governments of South Korea, South Vietnam, Taiwan and other pro-American regimes. To finance its hopeless venture in Vietnam the US Administration annually allots as aid to the Saigon regime alone more than twice the

resources that it provides for the economic development of all African countries combined.

Many developing countries are already heavily in debt to the imperialist powers.

So far no one has made any exact calculation of the annual losses sustained by Asian and African countries through redeeming imperialist loans and paying interest on them, and also the export of superprofits by foreign monopolies. But even without the damage inflicted by the non-equivalent terms of trade, the losses on the above-mentioned items reach \$6,000-\$7,000 million annually. The local, aggressive wars of the imperialists are also claiming a tremendous toll of lives and resources.

How can this vicious circle of poverty and stagnation be broken? What is its prime cause? How is it to be eliminated once it is discovered? What stimulating factors should make up a system which regulates and accelerates national economic growth? Professor Myrdal tries to furnish answers to these and other similar and related questions in his book.

STATE REGULATION OF THE ECONOMY. ITS AIMS AND POSSIBILITIES—THE EXAMPLE OF INDIA

A developed capitalist country has the intricate mechanism of the market of goods, money and capital, and it is through this market that the economy functions within definite bounds. A socialist country has its own developed and incomparably more stable regulating mechanism based on state ownership of the means of production. An economically less developed country has neither the first nor the second regulator in any developed form. But both regulators are present there in an undeveloped, embryonic form. This is the deep contradiction and vulnerability of the economic system of regulation in a less developed country—its internal instability, its susceptibility to numerous disproportions and influences and also its poor response to measures for planning the economy.

Professor Myrdal, critically reviewing attempts at planning in the countries he has studied, gives due credit to India, where the vitality of the planning element and the degree of fulfilment of plans have a better record than in

other South and Southeast Asian countries. He leaves no room for doubt that his sympathies are on the side of planning. This is the more remarkable because Western, including American, economic science prior to the publication of Myrdal's works was incapable either of going at all deeply into the true causes of the centuries-old backwardness of the Asian countries or offering any real prospect of its elimination through a mechanism of planning for economic development, as a means for achieving a set goal. This is why we believe that analysis and results of Myrdal's study in planning for economic development, especially of concrete questions, merit attention and possible use by practical economists of less developed countries.

But before turning to them we take the liberty of making one digression. This we are forced to do by Myrdal himself, who for some inexplicable reason reproaches Marx for lack of attention to planning problems (p. 1905). The point is that Marx set himself the task of disclosing the contradictions of capitalist society, the contradictions which lead to its replacement by a better social system. Understandably, he did not offer any recipes for regulating the capitalist economy. As for planning in future socialist society, Marx and Engels confined themselves to general considerations of principle, leaving it to their followers to elaborate the concrete mechanism of a planned economy. In brief, our teachers were not in this sense the followers of Smith or, on the contrary, the predecessors of Keynes.

In the concluding part of his work Myrdal once again tries to counterpose the views of Marx and Lenin on the relationship of the basis and the superstructure in socialist society. He discovers a discrepancy between Marx's concept of this society as the "realm of liberty" and Lenin's formula "communism is Soviet Power plus electricity".¹ This counterposing is groundless because Marx referred to mature communist society where the state would have withered away, while Lenin gave his formula for the period of building socialism, i.e., the transition period when power, as Marx foresaw, could be as yet only the dictatorship of the proletariat, or, let us add, a state vested with this function. Here it would also be in place to remind Professor Myrdal

¹ G. Myrdal, *Op. cit.*, Vol. III, p. 1908.

of one truth which usually is forgotten by all who criticise Marx for not foreseeing exactly how Lenin would carry out things and all who criticise Lenin for carrying out things not exactly as foreseen by Marx. Marx and his colleague Engels rendered the great service, already recognised by many generations, both of scientifically *revealing and cognising* the capitalism of their day and of *scientifically foreseeing* the future socialism, which was still unknown and even less so realised in their lifetime: Lenin rendered the service of further *revealing and cognising* capitalism at its imperialist stage, theoretically elaborating and practically applying the main laws of socialism and scientifically *foreseeing* the future communist society. Because of these differences alone any hunting for contradictions between Marx and Lenin is senseless, to say the least, and, of course, is unscientific.

The experience of the Soviet Union over more than half a century has demonstrated the force and vitality of the principles of economic development of the new society on the basis of long-term plans. Addressing the 8th All-Russia Congress of Soviets (December 1920), Lenin emphasised that it was impossible to work without a plan covering a long period, that all plans of individual sectors of production must be strictly co-ordinated, interconnected and represent a single economic programme. Proceeding from these propositions of Lenin's, it may be said that the long-term plans of newly-free countries must be aimed at solving fundamental economic and social problems and indicate the most acceptable ways of achieving them, worked out through evaluation of the various alternatives. Only on this basis is it possible to determine the concrete tasks to be accomplished in any particular period, to avoid disproportions in the development of individual branches of industry and agriculture and utilise more rationally the available, rather limited resources. These principles formed the bedrock of the five-year plans for the national economic development of the Soviet Union, which ensured the country's swift pace of industrialisation and turned it into a powerful socialist state.

It is practically impossible to solve intricate and at the same time vitally important problems for newly-free countries without drawing up well-grounded plans which provide for the proportional development of the economy,

rational use of material and manpower resources and also consider the existing socio-economic situation and everything that must be subjected to change, to a radical reform. Hence, it is not accidental that young national states attach ever greater significance to the planned development of their economy. In this respect they are fully supported by the progressive and democratic forces.

In Soviet planning the entire diversity of internal and external conditions in their interconnection and interdependence is thoroughly considered and all the possible consequences of the planned decisions are carefully weighed. As a rule, in the intricate complex of problems key questions are singled out which determine the immediate and long-range development goals. The many years of experience in planned economic development of the socialist countries shows that in solving urgent problems both marking time and running ahead are absolutely impermissible. Both may cause serious disproportions, which inevitably disrupt the plans and lead to unproductive or inadequately efficient use of the available resources.

The experience of socialist and developing countries which engage in economic planning proves that one of the central tasks of state economic policy is able to co-ordinate long-term development goals with the accomplishment of current economic tasks. The line of building up a new, highly productive economy on the basis of the latest technology, far from precluding, insistently dictates the combining of new construction with the development of traditional sectors and lines of production, which are a considerable source of means for the necessary restructuring of the economy. Only then will the big economic targets set at every stage not be divorced from the country's real possibilities, the more and more intricate tasks being accomplished as the necessary forces and know-how are accumulated. In South and Southeast Asian countries it is very important to make preliminary calculations, to hold discussions and conduct experiments in economic policy in practice, with the participation of progressive scientists adhering to an anti-capitalist platform.

The results of economic planning in India, which is already fulfilling its Fourth Five-Year Plan, prompt us to consider the very nature of this planning. In examining this

problem one has to proceed from the fact that India is primarily an agrarian country, that traces of feudalism still survive in agriculture, while the positions of foreign capital are particularly strong in modern industry. The First Five-Year Plan of the Republic of India (1950/51-1955/56) expressed the objectively mature need for the state to plan on a long-term basis the realisation of new or already started projects, chiefly in the field of the power industry, irrigation and transport. This part of the plan even then was of a more or less practical and even directive nature. It was directly linked with the use of budget resources and relied on a system of economic organisations set up by the state for building and operating state-owned enterprises. In all the rest, especially in the section related to the private sector, the First Plan was in the nature of tentative long-term forecast limited to setting this sector certain general goals and targets.

In the scale of the planned expenditure of state resources (Rs. 23,568 million), in its territorial and sectoral scope, the First Plan greatly exceeded the volume of enterprise of any monopoly and, therefore, was a fundamentally new phenomenon in the economic policy of the state. True, the First Plan did not incorporate the principle (clearly expressed in the subsequent plans) of the country's industrialisation as the decisive and predominant element in the economic policy of the state. This limited it and had the objective effect of stressing the importance of private capitalist investments in industry and private capitalist production in general.

Neither India's first nor its subsequent plans are the all-embracing national economic plans of a socialist country. The latter are founded on social ownership of the main means of production, concentrate the efforts of society on a single goal and cover all phases of production and reproduction, including labour and its remuneration, accumulation, the sale and consumption of goods in their value and material forms, and are based on real unity of all the components of the economy in their proportional development as expressed in the balance of the national economy. No prerequisites for this kind of planning were available in India at that time, and they still are lacking. To create them it is necessary to turn the decisive means of production from private into public property, that is, to make a radical social

upheaval in property relations. India has not undergone such an upheaval and, therefore, it would be wrong to approach it with the yardstick applied to socialist countries.

But the fact that India in her overpowering desire to break the grip of backwardness at any price, to eliminate the economic dependence on foreign capital by industrialising the country borrows to a considerable extent from the experience of economic planning in socialist countries and utilises it in many spheres, is of great progressive significance. However powerful the influence exerted by bourgeois economists of the Keynesian school on Indian economic science—and it is indisputably an extremely powerful influence, which we shall discuss later—acceptance of the principle of the priority development of the heavy and manufacturing industries in the five-year plans (beginning with the Second Plan), as an important condition for consolidating the national economy and political independence, is a tremendous victory for the practical example and influence of socialist planning, which goes far beyond the bounds of what may be called pure economics.

The experience of socialist planning suggested the need for industrialising the country with priority development of Department I of the public and not the private capitalist sector. This is a law that has been recognised in all democratic circles of India. Its recognition unites the National Congress and many opposition parties and creates nationwide unity on this essential aspect of economic policy. This was an important victory which aroused extreme dissatisfaction among the neo-colonialists representing the foreign and Indian monopolies. Also of quite considerable importance was the fact that after a prolonged controversy among Indian economists and political leaders the palm ultimately went to the principle of planning all the main indicators not only in value, but also (this is particularly important) in physical terms. This at once placed on a more stable foundation the entire system of normatives and calculations, the reciprocal co-ordination of the sectoral parts of the plan, the drawing up of a balance of the national economy, and, lastly, the system of state control over private capitalist and co-operative production and investments. This influence of socialist experience on the techniques and methodology of economic planning must not be underestimated. This is by no

means the last time it will show its great progressive significance in the context of continuing haphazard small-scale commodity production, the anarchy of private capitalism and the selfish practices of the monopolies and Big Business.

The Second Five-Year Plan for the first time introduced the above principles, and it was by no means accidental that the fire of reactionary criticism of the plan was directed against them. Neither the weakness of accumulation sources, accentuated by deficit financing and the mounting external national debt, nor the big investments of the state in the infrastructure, nor the policy of high indirect taxation, nor other methods borrowed from bourgeois political economy evoked such sharp criticism as those principles of planning. Obviously many decisive sections of the plan which expound the politico-economic doctrine of developing a great but still backward country are based on the experience of socialist planning in the Soviet Union and other socialist countries. At the same time India, remaining as she does within the system of the world capitalist economy, was not able to adopt the class methods of industrialisation employed in socialist countries and was therefore largely unsuccessful in following the practical example of their planning.

Bourgeois economists are still debating the role and importance of the state in economic development. Marxists have always acted on the principle that the state in independent, but economically less developed countries, in view of the objective necessity for strengthening national economic independence and resisting neo-colonialism, will play a still bigger part in economic growth. This function of the state is a deeply progressive factor in the given historically concrete conditions.

While remaining an organisation of the ruling class, the Indian state has proved able in the sphere of economic planning, building up the national economy and controlling the haphazard private economy, to mitigate difficult situations caused, as a rule, not only by the anarchic conditions of production and exchange, but also by the neo-colonialist intrigues of foreign capital both within the country and in its external economic relations.

A national bourgeois state is incapable of eliminating either the crises or the basic contradictions of capitalist production, or class conflict. It cannot create a *planned*

economy as a single and regulated economic complex but it should, and as experience demonstrates, can, on the one hand, when it is a matter of reconstructing the economy on the basis of industrialisation, promote such reconstruction to the utmost and, on the other hand, when it has to deal with the colonialist tendencies of foreign capital and the anti-popular actions of local Big Business and the monopoly circles, prevent such tendencies and actions, the more so because this is dictated not only by the objective situation, but also by the conscious actions of the progressive sections of the people.

Some bourgeois scientists and politicians of India call the Indian state a "welfare state", asserting that it has given the country Sarvodaya, a classless state which cares equally for the entire nation and assists all its members. A Marxist naturally cannot subscribe to this view, but he must remember not only the true class nature of a state—which is not everything—but also the tangible, progressive efforts of this state directed against colonialism, imperialism and the monopolies in conditions of the confrontation between the two world systems.

India's five-year plans do not represent national economic planning in the socialist sense because they do not cover the main production processes and, what is most important, the process of reproduction in the vast small-scale farming structure of the country, which is part of the system of the world capitalist economy. India, with her natural, small-commodity and capitalist structures, particularly that of industrial production of the manufacture type which has grown inordinately in the last two decades, with the intricate intertwining of these structures, the leading role of the big private capitalist structure and the great dependence of the country on foreign capital and the world capitalist market, is an exceptionally difficult object of planning. It is no accident that the main goal of the entire system of planning is to convert the public sector into the basis of reproduction on a national scale.

Anyone who studies India's main planning documents will appreciate that their drawing up and consideration, and the keen political struggle over principles and quantitative and qualitative proportions, are of pressing political significance for the country as a whole, for the national consciousness of the people, and the political struggle of parties and classes.

The lessons of the First, and especially the Second, plans conclusively demonstrated that an enhancement of the role of the state and planning demands the further gradual nationalisation of the main means of production and exchange. Only to the extent that big production resources and capacities and the respective instruments for influencing finance and foreign trade are concentrated in the hands of the state, will it be able to accelerate progressive economic and technical processes, stabilise the economy and offer stronger resistance to the monopoly tendencies of private national and foreign capital.

The economy of contemporary India, not being socialist, is subject to the spontaneous operation of the law of value. Unless socialist property achieves nationwide proportions, it is exceedingly difficult to utilise the law of value for centralised, planned guidance of the national economy as a whole. The economic agencies of the Indian Government, seeking to regulate price formation in the public sector both of capital goods and consumer goods, have to operate with market prices fluctuating under the spontaneous influence of demand and supply on the world market, and also of local monopolies and the profiteering elements that have run rife. All this has complicated, and continues to complicate, economic development.

The inefficacy of indirect state regulation of the economy is obvious. There is growing conviction that the Indian state, now committed to industrialisation, must not confine itself to half-hearted and non-directive methods of planning, based not on direct but on indirect economic influence. India's Second and subsequent five-year plans, to a greater extent than the First, are based on direct planned influence, especially in state construction of the key industries—steel, engineering, mining, coal, power, chemical and oil. But, as India's economic press points out, their scope is inadequate as compared with the tasks envisaged.

One can well understand the demands voiced by India's democratic and progressive leaders for ever greater use, in fulfilling the five-year plan, of direct methods of finding internal accumulation sources at the expense of the propertied classes in order to achieve the planned rates of building and production in the public sector. These demands are opposed by bourgeois concepts and practices of accumulation.

SOME THEORETICAL AND PRACTICAL ASPECTS OF STATE-CAPITALIST REGULATION

A state, remaining in the world capitalist economy and developing along the capitalist path, and also the scientists serving it, naturally come under the influence of bourgeois concepts of economic regulation both in theory and practice. Many Indian economists and also private businessmen, examining the problem of accumulation and the role of the state in solving it, proceed from some of the basic principles of Keynesianism. To a certain extent this is natural because the socialist method of accumulation is unacceptable in principle to bourgeois economic science, although this by no means implies that the latter does not derive some useful information from its study. But when it comes to taking a class attitude, i.e., the only scientific attitude towards the problem of sources of financing industrialisation, Indian bourgeois science does not accept socialist experience.

Capitalism in countries like India which have won independence in struggle against colonialism utilises very widely in its economic policy the bourgeois economic theory of Keynes and his followers, because it:

first, proclaims that revolutions in property relations are unnecessary and creates the illusion of social transformations on the basis of so-called "restricted" and "democratic" capitalism, "planned" and "mixed" economy;

second, assigns to the national bourgeois state decisive significance in economic changes, presenting it as the "economic leader and public servant";

third, preserves for private capitalism and the monopolies their real positions in the economy that are steadily consolidated notwithstanding the substantial growth of the public sector.

It would be very strange if Indian bourgeois economic science, subjected for decades to the influence of British economic schools and trends, especially the Fabian and the Labour, and recently also to American theories of "democratic" and "people's" capitalism, did not exert a serious impact on the economic policy and practices of the state. This sphere, like all others, is the scene of a struggle between concepts inherent in the two world social systems, the two

ways of economic development and the two methods of economic planning.

The First Five-Year Plan was vehemently attacked by some Indian economists, leading members of the Left wing of the National Congress of those days, P. Wadia, K. Merchant, K. Wakil, P. Brahma Nand, M. Saha, and others, because of its inadequacy and limited nature. Their criticism was of a rather "radical" nature but the demands to plan higher rates of economic development, accumulations and investments, a rise in the living standard of the masses, and so on, although objectively they reflected pressing vital needs, were not realistic. They assumed the possibility of full-scale and comprehensive state planning but with the preservation and regulation of capitalism, the latter being the most vulnerable spot in their criticism. The roots of the pseudo-scientific "radicality" of some bourgeois economists, subsequently also displayed in the discussion in the press of the Second and other five-year plans, can be traced to the Keynesian notion of "controlled and planned capitalism", of the possibility of creating in India a "people's, democratic" capitalism, a possibility that has been realised neither in the country where these theories originated nor, as we know, in India herself.

Following Keynes, these economists assume that the principal problems of growth—the industrialisation of India—can be solved by applying the appropriate taxation policy and systematic deficit financing with a regulated and fixed interest rate, which, in their opinion, creates constant stimuli to a growth in investments, while this, in turn, leads to a growth of employment. A spate of articles in thick Indian economic journals have been dedicated to Keynes' "multiplier" formula, i.e., the ratio of the growth of investments, primarily by the state, to the growth of employment as applied to Indian conditions.

It is not by chance that in a country where total or partial unemployment of tens of millions of people remains a constant feature, because of the backwardness of the productive forces, the economic science of the now independent national bourgeoisie should take refuge in the social pseudo-radicalism of Keynes's theory. The "radical" pronouncements of Keynes appeal to Indian bourgeois economists because of the conditions of the class struggle and the relationship of the

class forces in the country. When Keynes wrote that "the outstanding faults of the economic society in which we live are its failure to provide for full employment and its arbitrary and inequitable distribution of wealth and incomes"¹ he could scarcely have imagined that this statement would become so popular among some Indian economists a quarter of a century later. His assertion that "a somewhat comprehensive socialisation of investment will prove the only means of securing an approximation to full employment; though this need not exclude all manner of compromises and of devices by which public authority will co-operate with private initiative"² has become the object of numerous "fundamental" economic studies in India. Ascribing a special and decisive role to the bourgeois state in stimulating investments and regarding this as "the only practicable means of avoiding the destruction of existing economic forms",³ i.e., as a means of preserving capitalism, Keynes did not think that his interpretation of the role of the state in highly developed capitalist states would be hailed by many bourgeois economists in less developed India as a "revelation" allowing them with relative ease, at least in theory, to identify state capitalism with socialism.

The theory of Keynes and his followers (Alvin H. Hansen, Stuart Chase, F. Hayek, W. H. Beveridge, British Labour economists—J. Strachey, C. Crosland, R. Crossman—and others) appeals to definite circles of the Indian bourgeoisie. They have found in this theory justification for the Indian "mixed economy" which they present as "democratic socialism". Indian economists who are members of the National Congress assert that this "democratic socialism" is socialism "with the general consent and approval", that it leads to equal income opportunities and a general advance in the living standard of *all* sections of the population, in view of which the objective economic basis for the class struggle supposedly disappears, while the growing welfare of people, which is the main concern of the now flourishing state, rules out the necessity for a socialist revolution.

¹ John Maynard Keynes, *The General Theory of Employment, Interest and Money*, London, 1936, p. 372.

² *Ibid.*, p. 378.

³ *Ibid.*, p. 380.

Mention should be made here of a very important factor for evaluating, at the given stage, the role of the theoretical principles of Keynesianism which the Indian bourgeoisie has borrowed and is now utilising in building up its national capitalist economy. The ideological reactionary nature of Keynesianism and its derivative Right-wing socialist economic theories is indisputable to a Marxist. But he must make a distinction between these theories when they serve as an ideological screen for the reactionary policy and practices of state-monopoly capitalism in the USA and West European countries, including the militarisation of the economy, and the same theories when they are utilised in "Indianised" form by a national bourgeoisie which is opposed to colonialism and is engaged in national economic reconstruction by bourgeois methods. Failure to perceive this historically concrete difference inevitably leads to a schematic approach.

As long as the national bourgeoisie remains the leading force of the state, it is bound to incorporate in its economic science in some form or another the Keynesian propositions on state regulation, deficit financing of investments by the state, and the "unrestricted national debt", and the "theory" of reducing real wages through the gradual rise of prices, or concealed inflation, which naturally influences state economic practices.

In conditions of economic backwardness the constant inflationary rise of prices, proposed by Keynes as a means of combating economic stagnation, leads to a migration of capital into the non-productive spheres—into buying up of land, into commodity liquidity in the form of stocks of grain, into various shady operations, speculation, and corruption. Here we encounter the problem of realisation (materialisation) of investments, their conversion from the money or consumer commodity form into the productive form. For an industrially developed country this problem is mainly a matter of finding equipment with optimal technical and economic parameters. A backward country can adopt this solution to the problem of transforming capital only for the narrow sector of its economy with an adequate supply of foreign exchange that can be converted into the latest equipment. For the other sectors the investment problem demands a different approach and different solutions, and here the

significance of social factors, especially employment, rises immeasurably.

It is difficult, therefore, to agree without substantial reservations that the recommendations of the Harrod-Domar school of dynamics which emphasises the importance of an increase in savings, are more suitable for the economy of developing countries than the Keynesian recipes. Moreover, an increase in food consumption by the undernourished working population—and here Myrdal is profoundly right—implies a direct increase in the productivity of manual labour and production itself, and acts as the most direct productive factor. In these conditions the boundary between the funds of accumulation and consumption becomes less distinct.

Therefore in assessing the views of Walt Rostow, too, it must be noted that the American sociologist exaggerates the role of the quantitative indices of the accumulation process and leaves out of consideration qualitative elements like the transition from primitive accumulation to capitalist accumulation proper, the concentration and centralisation of capital and the material aspect of accumulation. The analogy between early-capitalist Europe and the present-day Third World drawn by Rostow leaves out the differences between these two epochs introduced by the scientific and technological revolution and the special type of multi-structural, poorly-integrated economy of Afro-Asian countries. Lastly, Rostow ignores the differences between the social systems of these countries, which seriously impoverishes the substance of his ideas.

Attempts to apply state control of bank credit and the bank rate, which is recommended by Keynes as a means of regulating the economy of Afro-Asian countries, suffer from a similar abstraction from the concrete socio-economic situation in each country. Experience shows that it is necessary to differentiate the nature and degree of the regulating, and particularly, the transforming influence exerted by bank credit on different spheres and structures of the economy as long as these structures exist in a given country. It is clear that the trend, terms and use of credit also differ in conditions of a highly developed and integrated socio-economic system. But a multi-structural economy and the consequent disunity of various types of production with their different levels of technical equipment and labour productivity, and

various rates of realisation of the surplus product and profit through the market, substantially modify the very role and importance of investments. It is perfectly clear, for example, that equal sums invested in different lines of production will generate not only incomparable masses of the surplus product, but also fundamentally different, at times even opposite, socio-economic effects.

The result is that in multi-structural conditions credit is highly diverse as regards origin, materialisation and use and is divided by its organisational structure. For this reason in a multi-structural country the mobilisation and trend of investments cannot be at all effectively regulated by changes in the bank rate. It is no accident that in multi-structural countries great differences have existed for a long time in the interest rates on loans and the periods of their redemption.

The interest of the Indian bourgeoisie in the Keynesian approach to a number of economic problems, especially taxation, budget, and finances, is clearly demonstrated in a statement by R. N. Gupta, an economist of the National Congress, in his work on the taxation policy to be applied under the Second Five-Year Plan, which relates to the initial period of the country's industrialisation. He stated that in the days of the classical economists it was believed that the best government was the one which governed least and taxed least. Most people at that time subscribed to the theory that private persons would be more inclined to save and accumulate if left to themselves and that it was the duty of governments to leave in the hands of private persons as much of the fruits of their activity as possible. Gupta wrote that this theory was based on the notion that stability of public finances was merely an expression of the rules of financial prudence and foresight inherent in the individual. Hence the best policy recommended to governments was to spend as little as possible; to borrow but not too much; to borrow only for productive purposes and swiftly to repay the debts.

The Keynesian theory developed in the 1930s wrought radical changes in this doctrine. It is based on the principle that government spending for positive social functions and taxes bring the greatest social benefit and that a balanced budget is no particular virtue. The main function of the budget is to extend the purchasing power of the people when economic activity is on the increase and to reduce it when

opposite signs appear. The budget must help less developed countries to secure swift development. Public spending, like individual spending, creates an income and increases employment. Inadequate spending in the private or public sector causes lack of effective demand both for goods and services and this, in turn, brings about unemployment and part-time work. The limit of taxation is linked with the aims for which additional taxes are spent. If taxes are collected to ensure fuller social services to citizens or to implement approved economic development programmes then taxes merely defer current consumption in order to raise the standard of living in future. The limit of taxation is reached, according to Keynes, when the living standard begins to decline or when additional taxes lower initiative in expanding production and investments.

Myrdal's book and the facts disclosing the illusory nature of concepts inspired by Keynesian reformism conclusively show that the development of Indian society along the capitalist path for almost a quarter of a century, notwithstanding state regulation and planning, has exacerbated all the internal contradictions and India now faces the need for a turn towards further development of the public sector, specifically by restricting the monopolies. India's future economic development undoubtedly will repeatedly demonstrate the profundity, vitality and great informative value which the experience in planning and building up the economy of socialist countries has for the advance of her national economy, as compared with the economic regulation practised by contemporary capitalism.

The present-day capitalist development of India is proceeding within the bounds of the coexistence of two similar but technically and socially quite different structures. On the one hand, the small peasant and small artisan structure which prevails in employment and contributes about 50 per cent of the GNP and, on the other, the industrial capitalist structure which produces 25-30 per cent of the GNP but has three decisive advantages: it determines the trend and development path of the entire country, possesses the highest social productive force of labour in the country and, lastly, has the biggest accumulation fund.

Manual labour and corresponding primitive equipment and organisation of production prevail in the first structure.

It is mainly engaged in simple reproduction involving little social division of labour and primitive development of commodity-money relations. Machine-based labour and a corresponding technology and organisation of capitalist production (middle- or large-scale) dominate the second structure, which is engaged in extended reproduction in conditions of growing social and technical division of labour and swift development of commodity-money relations. This structure oppresses and exploits the small-scale commodity economy.

Because of the very nature of capitalist production it is the second structure that has displayed in the process of the country's industrialisation the greatest dynamism, the ability to absorb the biggest share of accumulations and to utilise all advantages of state regulation and stimulation. In ten years (1956-1966) the private capitalist sector received from state organisations Rs. 8,700 million in the form of credits, deferment in payments and through sale of shares, and Rs. 3,700 million working capital in the form of credits from state banks.

Financial stimulation of capitalist enterprise by the state is a major law of the capitalist mode of production. Whatever democratic trappings embellish the intensive financial support given by the state to the private capitalist sector, this support inevitably strengthens big capital which ultimately turns into a gigantic force striving to subjugate everything to its interests and, first of all, state power. In this respect India is no exception: 73 groups of big capital united in monopoly associations received during the ten years (1956-1966) more than 50 per cent of all the resources redistributed from the state treasury to the private capitalist sector.

The mechanism of redistributing the national income, and above all, the ways of drawing it into the state treasury and subsequently handing it over to big capital, were devised long ago and Indian economists did not have to invent anything new. They merely had to adapt the scheme to their own conditions. Removal of the surplus product and part of the necessary product from the population engaged in all the economic structures of India in favour of the bourgeois state and then of the big capitalist entrepreneurs was carried out in accordance with all the rules of indirect taxation, modernised and improved by Keynes, this bourgeois deity of deficit financing, namely, constant "creeping and

regulated inflation". No matter how sophisticated the methods of modern financing of economic growth in a bourgeois state, they ultimately boil down to an increase in the issue of paper money which outstrips the growth in the gross product, to rising prices on prime necessities, to a tremendous growth of indirect taxes, i.e., to everything that makes it possible to shift the costs of capitalist regulation onto the backs of the working people.

Professor Myrdal reveals his anti-Keynesian stance when he details the main regulators employed in some South Asian countries for encouraging Big Business as "cheap rates of foreign exchange and protection from foreign competition by import restrictions, low rates of interest, low prices for services and goods from the public sector."¹ He makes several justified remarks about the subordination of these regulators and the entire mechanism of state regulation to the interests of the "organised" big capitalist sector. Even so, he still does not bring out clearly enough the general functional duality of this mechanism.

Yet two aspects can be traced in almost every substantial action of state regulation: the intention to protect the national economy from the onslaught of the foreign monopolies, and at the same time ensure local capital a big profit on its investments. The contradictory nature of this course is displayed in different ways, of which the most characteristic is the mixed companies of local and foreign capitalists who jointly reap the fruits of industrialisation. But the duality of state capitalism is also inherent in its other forms and actions.

Professor Myrdal is right in avoiding a simple assessment of so-called overvaluation of some national currencies in South Asia. It will be recalled that the prices of many major goods and services correspond to the overvalued exchange rates. But it is also evident that the "free" market prices of equipment and a number of materials in countries of this region are considerably higher than the world prices. Therefore the issue of a licence for foreign exchange should be regarded as a kind of state subsidy to the entrepreneurs. At the same time the national industry, in gaining the opportunity to buy equipment at world prices, more or less equalises its initial conditions with those on the world market. The

¹ G. Myrdal, *Op. cit.*, Vol. III, p. 2077.

situation is quite different, however, when this licence is utilised by local monopolists who collaborate with foreign capital. Therefore the following statement of Professor Myrdal's is correct, though on some points it could be made more exact: "By keeping down costs of capital investment and production, the licensing system helps to create a high—from a planning point of view—an 'unnecessarily' high—level of profit in the enterprise sphere. It also constitutes a moral hazard that leads to the spread of corruption. If the licenses can be sold, they often bring a price that is one hundred per cent or more of the import cost."¹ And he concludes: "On a deeper level the present system of import controls, of course, reflects the vested interests involved and the tendency toward collusion among politicians, officials, and business people."²

This is a correct but an incomplete conclusion because the Western partner (in the broad sense) is absent from it, and it is he who ultimately shapes this situation.

In conditions of the inequality of incomes and, accordingly, of the consumer demand among different sections of the population, "profits will be particularly high in the case of luxury goods or non-essential goods generally, the import of which is either prohibited or kept to a minimum".³ Let us add that the assortment of such goods has been modernised and now includes motorcars, wireless and TV sets, refrigerators, and other wares whose production again demands the import of equipment, materials and technical personnel. Thus, the consumer demands of the rich strata are ultimately expressed in a demand for modern means of production.

Economic backwardness and specifically the insignificant scale of the national production of equipment and materials (in volume and nomenclature) to a certain extent simplify the mechanism of state regulation of large-scale industry, enhancing the importance of measures of direct (non-economic) influence. This should be borne in mind in assessing Myrdal's views of the relationship between non-economic and economic methods of regulating economic life in South Asian countries.

¹ G. Myrdal, *Op. cit.*, Vol. III, p. 2084.

² *Ibid.*, p. 2085.

³ *Ibid.*, p. 2086.

His criticism of the national budget as an instrument of economic regulation is very convincing. "Fiscal budgeting," he points out, "focussed on investment is in line with planning policy in the Soviet Union, its five-year plans having served as models for South Asian plans. It should be noted, however, that in the Soviet Union the public sector comprises, with only minor exceptions, the entire economy and, in particular, almost all investments and their sources of finance."¹

Let us make two essential amendments: first, the Soviet five-year plans and in any case, beginning with the Second, were carried out on the basis of the deepest "institutional" changes in the history of mankind; second, notwithstanding these changes, to this day the public sector in agriculture (state farms) is equal in cultivated area to the co-operative sector (collective farms). At the end of 1969, the amounts of arable land held by state farms and collective farms were practically equal: the former had 110.1 million hectares and the latter, 110.8 million hectares. But in the most fertile regions (the Ukraine, Moldavia, North Caucasus and Central Asia) the arable land area of the collective farms was considerably larger (at times 3-5 fold) than that of the state farms.² As for the marketable output of meat and milk, the collective farms actually exceeded the public sector.³

Accordingly, the state exerts a sufficiently powerful influence on accumulation by the collective farms (through purchasing prices) and, what is most important, stimulates production by embodying these accumulations in the latest agricultural machinery, fertilisers, land improvement, electrification, and other instruments and means of production in crop and animal farming. It is this state "interference" that has now created in the Soviet Union the conditions for an unprecedented independence of the collective farms in solving their internal economic problems.

This situation, by the way, demonstrates how groundless are the arguments as to what exactly is happening in the Soviet Union—centralisation or de-centralisation of the economy. The answer is—centralisation but by shifting em-

¹ *Ibid.*, pp. 2005-06.

² *Narodnoye khozyaistvo SSSR v 1969 godu* (National Economy of the USSR in 1969), Moscow, 1970, p. 306.

³ *Ibid.*, p. 378.

phasis from administrative to economic methods. Therefore, centralisation does not proceed in a straight line. But this is what the dialectics of the general progress of mature socialist society is about.

It is clear that in conditions of South Asia the relations of the public sector and the national budget (in the broad sense, including capital investments) with their direct counterpart—the big private capital sector and its investments, cannot be reduced to a simple positive result in favour of state planning. Myrdal admits this: “From the point of view of planning, private investment is logically a function of public investment *and of numerous other government policies*, both inducements and restrictions. In a general way this is recognised in the plans. Yet they remain essentially, and sometimes exclusively, fiscal budgets for public investment. It is this approach that makes it possible to avoid planning of the whole system of operational controls that are needed for plan fulfilment.”¹ To put this in definite terms, which are so often missing in Myrdal’s book, planning in South Asian countries lacks “operational controls” of the big capitalist sector. Incidentally, he rightly adds that far-reaching institutional reforms encourage “planning that favours groups with an interest in opposing major and effective changes in the institutional *status quo*.”²

But then comes a general statement in which, as often happens, Myrdal allows equal place to factors of differing importance: “The effectiveness of most development policy measures, including investment expenditures, depends on the weakening or removal of other limitations to development, such as shortages of competent administrative personnel, lack of responsiveness of professional groups, and resistance of vested interests [landowners, in the given context—*Authors*] to the endeavors of the planners and the government.” Would it not be better to begin the list of obstacles from the end, i.e., from the positions of the big landowners and businessmen, the more so, since Myrdal then rightly concludes: “Expenditure for development cannot rationally be separated from policies for removing these other limitations.”³

¹ G. Myrdal, *Op. cit.*, Vol. III, p. 2009.

² *Ibid.*, p. 2010.

³ *Ibid.*

Should the government's policy be spearheaded equally against professional groups and the rich? Myrdal's Asian colleagues will hardly agree to putting these two strata in one rank as enemies of progress.

Professor Myrdal makes a number of justified remarks about the need to back budget spending with appropriate material resources, the difficulties and dangers of deficit financing and other important elements of planning which we also discuss elsewhere. Unfortunately, we have to note that he raises a major problem only in passing and negatively: "... they [meaning governments—*Authors*] feel inhibitions and encounter obstacles to the imposition of higher taxes. In this dilemma, the lingering association with the capital budget of the notion that it is 'sound finance' to relieve the taxpayer of the obligation of paying for profitable public investments constitutes an escape, though not a very logical one."¹

Professor Myrdal is obviously hampered by the notion, customary for a bourgeois economist, that the public sector is destined more or less constantly to suffer losses on investments, particularly in the infrastructure. Yet such a notion cuts across his own recommendations: "... The governments in the South Asian countries would be wise to make more and better use of the price and market mechanism in their planning. Even if under existing conditions they cannot reach plan fulfilment merely by employing price policies and other automatically functioning operational controls, they should use these controls as much as possible, in order to minimize the need for administrative discretionary controls and in order to make such controls, when applied, less inimical to the goals of planning, less expensive in terms of administrative personnel, and less conducive to corrupt practices."² We reproduce this lengthy quotation because it brings out very clearly Myrdal's intrinsic imprecision in dividing "automatic" and "administrative" controls.

Yet the price mechanism is made up of both, depending on what sphere of production and circulation this mechanism is aimed at. Clearly, as long as it is designed to shape the purchasing prices of the peasant's grain, certain instruments

¹ *Ibid.*, pp. 2015-16.

² *Ibid.*, p. 2033.

and measures are utilised, while entirely different controls have to be employed to cut short the profiteering schemes of Big Business. In both cases the influence exerted on price formation can be purely administrative with entirely different social consequences. On the other hand, the state will be able to resort to automatically operating controls only when it accumulates the necessary amount and kind of goods and hard currency, based on the national production in the public and co-operative sectors or on commercial purchases from the peasants and artisans. In other words, the share, efficiency and sphere of application of automatically operating economic controls will increase together with industrialisation (in the broad sense) and the strengthening of the position of the democratic state in the mechanism of distribution and circulation.

Proceeding to a more detailed examination of price formation, Myrdal asserts that "correct" or "planned" prices "under all existing conditions including the full range of government policies, would give entrepreneurs and, more generally, producers, traders, consumers, and savers incentives to act according to a particular development plan."¹ This proposition and the relevant arguments adduced by Myrdal lack a genuinely scientific approach to the conditions of price formation in a multi-structural economy (although they contain a number of important observations and remarks).

The point is that Marxists base price formation on the conditions of the production of value and surplus value. These conditions differ in various departments and sectors of the economy even in industrially "integrated" countries. They differ even more in countries where within the bounds of the national economy small farms coexist with large modern enterprises, i.e., production units with absolutely incomparable conditions of the production of value and surplus value and their realisation in the "free market".

The surplus labour contained in the agricultural product, small as it is, in general may not be realised by the small producer if he alienates the part of his crop representing this labour as rent to the landowner or payments to the money-lender and buyer-up. And, on the contrary, under

¹ G. Myrdal, *Op. cit.*, Vol. III, p. 2037.

the cover of protectionist customs duties a factory owner, through a monopoly-high price, not only fully realises the value contained in his commodity but also appropriates value produced in other sectors, usually with a smaller productivity of labour and a smaller rate of surplus value. In this situation, the setting of "planned" prices must be subordinate to the redistribution of surplus value on a nationwide scale in accordance with the aims and tasks of state planning and control.

Professor Myrdal's statements concerning the price policy for goods produced by public enterprises and its aims and results are adequately objective and convincing. Examining this problem, he once again reminds the reader that the state channels its capital investments mainly "into industry", "in fields where for various reasons private industry could not be expected to take the initiative. Furthermore, it has taken this step mainly in order to make supplies of raw materials or capital goods available to private industry".¹ As for the terms of this service, he says the following: "Throughout most of the region goods and services from the public sector have been priced so low that the rates of return on capital invested [in this sector—*Authors*] have been lower than the ('too low') rates of interest prevailing on the capital market. . . . Private industry has used its influence to keep prices down."²

Obviously this practice does not conform to the general national aims. That is why in India "a different doctrine has been enunciated, namely, that enterprises in the public sector should follow a price policy permitting a substantial accumulation of capital. Proponents have pointed out that self-financing out of profits has been a main element in the growth of private industry in both developed and underdeveloped countries. Reference is also made to the fact that state enterprises in the Soviet Union and other Communist countries are conducted so as to yield a 'profit'."³

As an example of this "new" doctrine Myrdal quotes the opinion of R.K.R.V. Rao, a noted Indian economist, voiced, by the way, as early as in 1959: "Public enterprise must be

¹ *Ibid.*, p. 2103.

² *Ibid.*, pp. 2104-05.

³ *Ibid.*, p. 2105.

carried on a profit-making basis, not only in the sense that public enterprise must yield an economic price in the terms described . . . but must also get for the community sufficient resources for financing a part of the investment and maintenance expenditure of Government. Increasingly, the share of the profits of public enterprises in financing the investment and maintenance expenditure of Government must keep on increasing. It is not only the expenditure on the public sector as such that will indicate the march of the economy towards its socialist goal. Even more important is the increasing role that the public sector must play for finding the resources needed for meeting both the maintenance and investment expenditure of Government."¹

From the viewpoint of Marxist economists, considerable resources for investment can be obtained directly by progressively raising taxation rates on incomes of all types of property and entrepreneurial activity and also by vigorously combating the evasion of tax payments by the propertied classes. The concealment of unearned incomes from taxation in India alone runs into many thousands of millions of rupees annually, which is admitted by government officials.

The reorganisation of the taxation system naturally demands strict attention to the actual situation. If, for example, the task of eliminating the private capitalist sector in the economy is not set but, on the contrary, the principle of a mixed economy is recognised, the new tax rates must not exceed a definite level for every concrete situation so as not to deprive the capitalist of the incentive to continue or expand production. Otherwise to avoid economic harm it would be rational for the state to organise the production of the respective kinds of goods and some services. But this, as is known, is not always justified for social, technical, financial, manpower and other considerations.

To reduce the time and cost of advancing from a backward colonial and semi-colonial to a developed economy, all resources of growth must be mobilised and rationally put to use, both those contained in production itself, in social distribution and those latent in the social system, which has not been relieved of the class fetters and archaic institutions. There is no real force, besides the state, capable of ensuring

¹ G. Myrdal, *Op cit.*, Vol. III, pp. 2105-06.

effective guidance of socio-economic development in newly-free countries, including those in South and Southeast Asia.

The economy can be regulated both by direct and indirect methods with the help of planning and control. As the public sector is strengthened, the state gains greater opportunities of influencing the market, investments, money circulation, in a word, the entire course of economic development. Concentration of property in the hands of the state is also highly important from the viewpoint of resisting the local and foreign monopolies. In the historical perspective, the building up of a powerful state-owned economy is very important as a prerequisite for transition to the higher and more efficient social organisation of the productive forces, to the socialist planned economy. In other words, the desire to limit the scale of the public sector or turn it back into private hands is politically reactionary and harmful in practice.

But the other extreme is likewise unjustified, namely, to bar the private sector from participating in the advance of the economy already at the initial stages of independent statehood. Neither the material nor the social prerequisites for this have matured, nor is there a pressing necessity for it historically and economically. The economic potential and the scale of accumulation in young Asian and African states as yet is so limited that all available instruments have to be utilised for the swift expansion of industrial and agricultural output, including private enterprise, controlled, of course, by the democratic state. It is an indispensable principle of such control to combine private enterprise with the general national interests, and in case of conflict between them, to subordinate the interests of private enterprise to the general interests of the state. Provided the state is consolidated, and it gains key economic positions and ensures efficient control, accumulation and initiative of the private sector can play an important positive part in solving questions of the supply of goods and expanding the service sphere, and also raising the overall economic growth rates. The great possibilities in this field are demonstrated by the development of the Soviet Union in the 1920s, in the period of the New Economic Policy which was formulated and initiated by Lenin. Application of these general principles cannot have the proper economic and socio-political effect if it is not backed by a flexi-

ble economic policy stemming from a scientifically-based plan.

In examining the organisation and terms of credit, Myrdal reduces his task to considering the credit terms in the "organised", i.e., practically speaking, the big capitalist sector. But such a restriction is hardly justified for countries where the credit system is broken up by structures (sectors) of the national economy and at the same time makes up a single, though heterogeneous whole. Even the big capitalist sector does not have the usual "automatically functioning" outlets into the world capitalist credit centres because, as we have shown, the conditions of the forming and functioning of fixed capital in large-scale industry in South Asia differ from the situation in developed capitalist countries. That is why Myrdal's general recommendation to raise the interest rate on credits granted to the "organised" sector in Southeast Asia seems debatable to us.

To begin with, it is necessary to differentiate the purpose of the credit, which acquires particular significance in the conditions of South Asia. Thus, an increase in the interest rate of short-term credits for the current expenses of enterprises will lead to new pressure on wages and the prices at which raw materials are bought, i.e., will affect the condition of the workers and the peasants. As for the regulating influence exerted by the higher interest on the entrepreneurs' choice of more profitable sectors and improved equipment, in Southeast Asia this interconnection is not very effective for two reasons: first, the most profitable enterprises are by no means always the ones the national economy most needs (for example, the manufacture of goods for the rich); second, credits of local banks cannot be used directly for the purchase of equipment because foreign exchange is needed; of course, it is possible to charge interest on foreign exchange licences, but in this case even a 10-per cent rate will hardly make the entrepreneur pause. Lastly, in India, Pakistan, and also in countries with large Chinese and Indian business communities, besides bank credit, an entrepreneur may receive low-interest credit, even in foreign exchange, within his own community formed on the basis of caste, religion, nationality or communal farming. In this situation raising of the bank rate will be felt primarily by entrepreneurs from the middle classes, artisans and peasants, i.e., from the relatively

democratic circles. And, conversely, the actual privileges of the bourgeois upper crust will be even more strongly reinforced.

These considerations are also supported by the statements and admissions of Professor Myrdal himself. For example, planning officials in India and Pakistan often told Myrdal that "profits in big Business, which dominates the organized market, are so high that a rise in interest costs would be absorbed without any appreciable change in investment propensities".¹

At the same time, as Myrdal points out, at a higher interest rate a number of capital-intensive projects of the public sector would become irrational. These few examples demonstrate the impermissibility of a general increase in the interest rate.

None of this implies a denial of the role of the interest rate as a regulating factor of the economy. We merely assume that it can discharge this function given the nationalisation or co-operation of the main sources of credit and the establishment of a differentiated rate depending on the need, productivity, social value and other aspects of the sector or enterprise receiving a loan or a subsidy. It is possible to agree in part with Myrdal when he states that "the level of interest rates is only one of the many positive controls that would have to be scaled down before discretionary controls could be dismantled. It may be true that a change, particularly a small change, in one item would not make much difference, but a systematic and rather extensive change in all items would create a new situation."² Subscribing once again to the idea of a comprehensive influence (including political and social measures), we see an internal contradiction in Myrdal's reasoning when he upholds the primacy of the interest rate over other measures, upsetting or in any case detracting from the comprehensive approach.

It must be stressed that direct planned influence by the state on commodity exchange (in the broader sense) between different economic structures is exceedingly difficult. The small natural economy which sporadically enters into exchange relations with the market, small-scale commodity

¹ G. Myrdal, *Op. cit.*, Vol. III, p. 2091.

² *Ibid.*, pp. 2091-92.

peasant and craft production, the exceptionally active merchant and usurious capital and a considerable part of the private capitalist exchange of town and country in India come only within the sphere of indirect state influence. Clearly, it is impossible to get along here without direct government interference in property rights and relations.

The country's foreign trade conducted by a few dozen big firms and banks was placed under direct government control much faster and more effectively. While the government employs the instruments of taxation, duties and credit policy to regulate home trade and to control foreign commerce, it employs methods of direct influence, including the state monopoly of foreign trade as a whole or part of it. These measures, however, are more effective within the country. Externally, they run up against the operation of the world mechanism of imperialist monopolies which dictate prices, the terms and direction of credits and private investments. The consequences of this policy can be neutralised and rendered harmless only in co-operation with socialist countries.

The experience of many young countries shows that the state, in co-operation with the progressive, democratic forces, is capable of curbing the profiteers and foreign-exchange speculators and the rich who evade the payment of taxes, of accumulating reserves of goods and placing under control the anti-national elements or even ousting them from the credit sphere. It has become clear that the establishment of a powerful state export-import corporation which controls the activity of banks and firms engaged in commerce, the state monopoly of all foreign trade or part of it, or lastly, nationalisation of all private foreign trade and exchange banks meet the general national needs and help strengthen elements of planning and stability in economic development. Obviously these measures are an essential first step in undertaking a wide anti-capitalist programme.

ELIMINATION OF BACKWARDNESS—IN THE NAME OF THE PEOPLE AND FOR THE PEOPLE

A retrospective view of the socio-economic development of newly-free countries in the last 15-20 years gives us a better understanding of the essence and scope of the tasks

young Asian and African states now have to accomplish. These years have brought to the fore the following question. For what purpose and in whose interests is this hard and persistent struggle being waged to eliminate age-old backwardness in the economic and cultural spheres? Is its purpose merely to prepare the ground for the development of national capitalism and, consequently, to increase the danger of neo-colonialism? Most certainly, not! Is it to consolidate the privileges of a narrow stratum of local exploiters who are seeking to uphold their right to dominance also by strengthening their ties with the foreign monopolies and imperialist powers? No again. The struggle to prevent the victory of monopoly capitalism in these countries is aimed at profound economic regeneration and genuine social progress that can lift up the broad sections of the newly-free peoples to a better life and to the making of history. This is the aim that inspires the Communist Parties of all countries, the international working-class movement and the whole socialist world.

All these questions are posed by scientific, social and practical considerations. They have a bearing not only on the living conditions of the masses, but also in many respects on the very prospects of national economic development in young states; they are concerned with the prospects of the struggle between the two social systems, the destinies of capitalism itself in its peripheral but important areas. Contrary to the assertions of bourgeois Western ideologues, who have quite a few supporters in the developing countries themselves, social progress by no means runs counter to the task of accelerating economic growth. In an attempt to justify and perpetuate the extremely uneven distribution of incomes, the proponents of such a situation allege that any substantial restriction of incomes received by the propertied class will reduce the potential accumulation fund. Therefore, according to this "theory", the main burden of taxation must be borne by the masses, by the mass consumer.

The experience of all socialist countries explodes this notion. The bulk of the incomes of the propertied classes in developing countries, especially of the trading, usurious, finance and banking bourgeoisie, landowners, feudal and semi-feudal elements, is utilised for non-productive consumption, enabling the numerically large privileged upper crust to

live in luxury at the level of ultra-modern Western standards. It is this that sharply reduces the potential accumulation fund and also creates a pattern of the home market extremely unfavourable for economic growth. The diffusion of the already small internal demand over a wide range of goods makes their local production either impossible or, because of the small demand, unprofitable. The imports of expensive consumer goods for the privileged classes which absorb large sums of scarce foreign exchange, are a heavy burden on the backward countries.

The efforts of the propertied classes to preserve the low living standard of the masses, which considerably exacerbates the marketing problem, is another serious impediment to development. To maintain the price of labour power below its value and to keep its value at the old colonial level—this is a regular feature in the labour policy of the national bourgeoisie, even though this policy is meeting with growing resistance.

A considerable part of the money resources, in view of the narrow bounds of the home market finding no productive application, is employed for speculation or is removed from circulation and hoarded. Herein is one of the deepest contradictions inherent in the capitalist way of development because accumulation constantly comes into conflict with consumption, with the mass market which ultimately is the decisive condition for the productive use of accumulated capital.

Consequently, the development of the productive forces in the public sector along more or less planned lines and the attainment of social progress by improving the condition of the working people, on the one hand, and increased taxation of the incomes of the propertied strata, especially the big exploiting groups, on the other, are not an obstacle but, quite the reverse, one of the indispensable requisites for more stable economic growth of developing countries, including those of South and Southeast Asia. Such a presentation of this major question is naturally opposed by bourgeois economists. They rule out the possibility of state interference in this sphere on the pretext that all members of society have equal income opportunities and declare that any reduction of inequality in incomes within the bounds of the "liberal economy" of the so-called free world is an encroachment on the freedom of the individual.

Since it is a matter of eliminating inequality of incomes between classes, the burden of developing a country must in the first place be imposed on the classes which receive incomes out of proportion to their numbers in relation to the population as a whole, and without working, which means they are unearned incomes. Progressive legislation in this sphere, which ensures the maximum removal of unearned and non-productive incomes for the purpose of national development and shifting the burden of this development on to the propertied classes, is in line with the principle of social justice and as such does not represent the expropriation of property in productive capital.

But the smoothing over of inequality in incomes discussed here is by no means identical to the absolute equality of incomes, including equality of wages and other incomes of the working people, advocated by overzealous champions of social justice. The idea of "egalitarianism" in earned incomes is wrong in theory and harmful in practice. Just how wrong this notion is is especially clear when it is a matter of modernising and technically re-equipping a backward economy, of substantially raising the social productivity of labour and stimulating these processes to the utmost. In multi-structural conditions noticeable differences in the remuneration of working classes and sections engaged in different spheres of the economy and cultural and educational activity have a long history and are likely to survive for some time. These differences stem from the different technical equipment, organisation and intensity of labour or, in brief, from the level of its productivity.

The main overall task of economic growth is to achieve conformity between the remuneration of the working classes and the rise in labour productivity, the principle of determining the size of wages according to work done, i.e., to provide the producers with material goods in the closest possible conformity with the quantity and quality of their labour inputs in public and private production. This principle, which is applied in socialist countries, is the fairest of all the methods of distributing worldly goods among people that have yet been applied. Its importance lies in the fact that it makes the masses interested in building and technically improving the national economy.

The labour enthusiasm, the upsurge of the people's spirit-

ual and physical powers which marked the first steps and all the subsequent stages of the Soviet Union's socio-economic development are largely due to the perceptible improvement in the condition of the working people, which did not stop even in the most intricate and tense periods of national economic construction, to the fairness of the system of distribution according to work done and the increase of the funds for the development of the social forms of personal consumption (state social insurance, free medical service, pensions, free education at all levels, the extensive and free system of mother and child welfare, and so on). The experience of the Soviet Union and other socialist countries thereby demonstrates that the progressive organisation of society can serve, and really does serve, as a decisive factor of swift economic progress.

The provision of material incentives and improvement in the material, cultural and vocational standards of the working people are among the principal prerequisites for economic growth. The record of socialist countries shows that peoples who want to escape from the grip of backwardness and achieve steady and proportional economic development must be prepared for hard work over a long period, devotion and patience and at times even the sacrifices that must be made to defend their system from the attacks of external enemies and internal reactionary forces, and also for conscious observance of a strictly defined conformity between labour, consumption and accumulation.

The optimal relationship between consumption and accumulation depends on the concrete situation in every country. Here there is undoubtedly one general regularity: the living standard of the population and the real wages of the working people cannot as a rule increase for any considerable time faster than production and the productivity of labour. Since it is a result of the volume of production and its growth rates and the level and growth rates of labour productivity, the standard of living must inevitably not run ahead of the expansion of production but follow it, keeping a certain distance behind it. Only the observance of this condition can ensure the harmony between the economic and social aspects of development which makes social progress into a motive force of economic growth.

This general regularity naturally takes socially different

forms, acquires different quantitative and qualitative features in socialist, non-capitalist and capitalist countries. The people's welfare is ultimately determined by the level of national economic development, efficiency of production and labour productivity. The countries of South and Southeast Asia have several ways of improving the condition of the working people open to them. These include: radical land reforms which release the tiller of the soil from the oppression of the big landowners and merchant and usurious capital; the establishment and strengthening of a network of co-operatives capable of defending the interests of the ordinary producer from market anarchy and rapacious exploitation by the traders, money-lenders and the monopolies; implementation of progressive labour legislation; improvement of the systems of education, health services and social security; and effective measures for increasing employment. In his study Professor Myrdal shows how these possibilities are poorly utilised within the bounds of the bourgeois-landowner system even when the necessary legislation has been passed. The political system based on the dominance of the bourgeoisie and the landowners (Pakistan, Indonesia, Thailand, Cambodia and others) holds back any improvement in the people's welfare and hampers social progress.

Social progress demands special attention to the intricate knot of socio-economic problems that must be unravelled in order to eliminate backwardness and achieve economic independence. Bourgeois economists and politicians usually ignore this when examining the factors of economic growth. They have reason to do so because the need for social progress is a weighty argument in favour of the non-capitalist path, for capitalism by its very nature and as demonstrated by its entire history, is organically incapable of ensuring not only optimal but even minimal compatibility between economic and social aims of development in the interest of the majority of the people. In the light of the interdependence between the economic and social aspects of development it becomes much clearer where and in what way it is most expedient to search for the missing resources for development, what traditional social institutions should be dismantled and eliminated and which of them have to be reconstructed and utilised. A fervent striving to put an end to age-old backwardness, poverty and social injustice is the

spur which has aroused the oppressed people to take up revolutionary struggle against colonialism and imperialism and for political freedom. Needless to say, the state of hopelessness in which the peoples of the former colonies and semi-colonies languished for decades could not be removed solely by political means. The insignificant progress in the material condition of the working people or even its complete absence, particularly in India and Southeast Asia, is naturally preventing these young national states from creating conditions conducive to systematic and swift growth of the productive forces, impeding the improvement of technical skills and also the development of the creative capabilities of the people.

Any accomplishment of this task in South Asia along the lines of private capitalist development, motivated by the quest for profit, is at best extremely limited and, at worst, practically impossible. The vital problems of the broad sections of the working people can be solved only through radical socio-economic changes, up to and including social revolution with the ousting of the exploiting classes and strata from power. The Arab Republic of Egypt, Syria, Somali, Algeria, Tanzania, Southern Yemen, the Congo (Brazzaville), Guinea and Burma have already embarked on this path. Other countries of Asia, Africa and Latin America are also beginning to take to this road.

THE DEMOCRATIC ESSENCE OF STATE INTERVENTION IN SOCIO-ECONOMIC PROCESSES

Very few people who have formulated their views and recommendations about the most suitable forms of state structure of young sovereign Afro-Asian countries can manage without using the term "democracy". Without going into why this term is so popular, we can say that the crux of the matter lies in its realisation. Professor Myrdal time and again and with sufficient authority has demonstrated that the norms and institutions which his Western reader is accustomed to regard as democratic, do not meet the needs and aspirations of Afro-Asian peoples. Moreover, he asserts that "national independence, national consolidation, changes in institutions and attitudes, equalization, rise of productivity, rise and redirection of consumption, and, more generally, planning for development can be obtained by an authorita-

rian regime bent on their realisation. On the other hand, the substitution of an authoritarian regime for a more democratic one gives no assurance that policies will be directed towards the realisation of those ideals, or that, if so directed, they will be more effective.”¹

This, like many other of Myrdal's conclusions, is somewhat abstract. It is made largely meaningless because his sole criterion for ranking this or that regime as “authoritarian” or “democratic” is the formal legal feature of the degree to which the highest governing bodies are to be considered representative. Yet surely it is clear that as long as a given regime is capable of effecting in the interests of the majority of the people the tasks he himself enumerates, that regime should be qualified as a people's, i.e., democratic regime (although with possible reservations concerning the restriction of some of the norms of democracy). Moreover, even from the purely political point of view it would be wrong to class as absolutely authoritarian regimes which have undertaken a radical “change of institutions”, i.e., are transforming the lower and middle levels of the state and social organisations.

Even if the forms and methods of making these changes are not always of a democratic nature, the changes themselves, by undermining the traditional mainstays, are historically justified and contain progressive potentialities. Of course, it is a different matter that a prolonged barring of the masses and their organisations from state power and direct participation in the measures it carries out will inevitably give rise to a conflicting situation between the new social potentialities and their realisation for the good of the people. Hence it, naturally, would be better if all these changes of the “traditional” structure were made with solid reliance on the masses, on the advanced sections of the people, when their vanguard becomes the conscious voice of a historically progressive movement and genuine revolutionary democracy assumes the helm of Third World countries, a democracy which, in making these changes by methods of revolutionary dictatorship, enjoys the widest and, above all, conscious support of the people.

¹ G. Myrdal, *Op. cit.*, Vol. I, p. 65.

Closely linked with the interpretation of the concepts of democracy and authoritarianism are also the notions of "democratic planning", which Myrdal discusses as alternatives to compulsion and "social discipline". He himself favours compulsion. It should be recalled at this point that the need for compulsion arises when the expediency of a formulated long-term programme is not accepted by an individual or a social group as conscious necessity. Moreover, resistance to purposeful long-term programmes may be offered from different, at times opposite, positions. The nature of the resistance will also depend on the class essence of the programmes themselves and their impact on the social relations and being of the given social environment, on their traditional or, on the contrary, the newly-formed ties, notions and inter-relations. Hence one should not speak of compulsion "in general", in the abstract, outside its definite class nature and purpose, and also without taking into account the totality of internal and external conditions.

The scale and intensity of compulsion ultimately depend not so much on the apparatus of compulsion as on the interaction of state policy, i.e., the policy of one or another class, with the system of social ties both in their traditional form and in the newly-emerging complex. The conditions of this interaction, alongside the socio-economic environment and the external situation, are greatly influenced by the ability of the state, of political parties and organisations and public opinion to convince the masses who may still be gripped by the traditional backward world view, of the need to accept the new way of life, the new conditions of labour and its remuneration, the new social institutions and their interactions. In other words, the scale of compulsion is usually insignificant, given an appropriate socio-economic course which meets the basic class interests of the working people, given painstaking discussion and persuasion, which make up the living soul of the genuine democracy of revolutionary dictatorship.

As far back as the initial stages of the formation of Marxism, in 1844, Engels defined the ideological prerequisites for automatic actions in response to democratic consciousness: "The role of talent is to convince the masses of the truth of its ideas, and it will then have no need further to worry about their application, which will follow entirely of its own

accord. Mankind is surely not passing through democracy to arrive back entirely at the point of departure.”¹ Subsequent experience, which has confirmed the general direction of Engels’ idea, at the same time has shown that the irreversibility of democracy is ultimately guaranteed by appropriate socio-economic changes.

For Marxists the question of compulsion is always historically concrete, it is based on the conception of class and is linked both with the aims and support of the great mass of the people. In multi-structural and, consequently, multi-class societies, with an unusually complicated stratification, the employment of measures of compulsion, persuasion and—we may add—of material rewards are quantitatively and qualitatively concrete for every social group, for every stratum and class. That is why we regard as too general the following inference of Professor Myrdal: “The success of planning for development requires a readiness to place obligations on people in *all* social strata to a much greater extent than is now done in any of the South Asian countries. It requires, in addition, rigorous enforcement of obligations, in which compulsion plays a strategic role. . . . It would not in principle conflict with the ideal of political democracy, which only concerns the manner in which policies are decided upon.”² May we add that democracy consists not only in the way the decisions are made, but also in their aims, not to speak of their class content. But none of this is reflected in Professor Myrdal’s statement and he continues to discuss compulsion from formal and abstract positions.

In general, when Professor Myrdal, in passing, as if it were something taken for granted, tritely reduces the “practice in Communist countries” in reforming social institutions to compulsion, he not only deprives this practice of its substance and importance for multi-structural countries, but also shows his total failure to understand the greatest organisational, cultural, educative and explanatory work among the masses that is accomplished by a state based on proletarian dictatorship or any similar state in reconstructing the social and economic pattern of society in socialist countries. As early as the dawn of socialist construction in our country,

¹ Marx/Engels, *Werke*, Bd. 1, Dietz Verlag, Berlin, 1970, S. 548.

² G. Myrdal, *Op. cit.*, Vol. I, p. 67.

Lenin elaborated a programme for refashioning its multi-structural pattern; moreover, this programme gave scientific grounds for the gradual but steady transition to economic, material, and moral methods of the general regulation of the economy and stimulation of the individual workman.

But in multi-structural conditions with a tremendous preponderance of pre-capitalist spheres in the economy and social life, purely economic regulation would be sheer utopia. And it was to the search for an optimal combination of economic and non-economic methods in the given situation that Lenin paid so much attention. Moreover it was Lenin who so clearly pointed to the dangers that beset non-economic, bureaucratic methods of management in a multi-structural, predominantly peasant environment. He emphasised that even if the working class were in power, the more or less prolonged absence of wide and well-organised commodity exchange between small-scale peasant farming, on the one hand, and large-scale industry (even if it belonged to the socialist state), on the other, would inevitably give rise to bureaucracy. Speaking of the economic roots of bureaucracy in a multi-structural country, Lenin pointed to the poverty, low level of culture, lack of roads, illiteracy, the absence of regular and proper commodity exchange (particularly emphasising this factor) between small-scale peasant farming and large-scale industry. It was on these adverse phenomena which made themselves felt in the first Soviet years that the great democrat Lenin declared a ruthless war.

That is why to combat bureaucracy (in other words, the self-same autocracy, of which Myrdal speaks) Lenin proposed that economic development should begin with the exemplary organisation of "a *totality* of economic relations, a *totality* of economic exchange, even if in a small locality".¹ Moreover, he envisaged as the immediate concrete task the creating of a situation when a peasant, i.e., a simple commodity producer, would exchange his products only voluntarily, on the basis of economic interest, for industrial goods. Lenin proposed that a tax in kind should be introduced only as a temporary, unavoidable measure. The peasants would deliver

¹ V. I. Lenin, *Collected Works*, Vol. 32, p. 355.

to the state a strictly defined part of their food surpluses and exchange the rest of the surplus for manufactured goods.

Here it is important to bear in mind what class owns large-scale industry, for in the course of commodity exchange between town and country the more productive sphere of large-scale production attracts a huge mass of agricultural product in terms of inputs of living labour (what is known as non-equivalent exchange between spheres of production with different levels of labour productivity). As a result, not only the profit created by the working class in large-scale industry, but also by peasants engaged in small-scale farming and artisans in the crafts and domestic industries, is concentrated in the hands of the side which owns large-scale industry. It is clear that without a redistribution of this aggregate accumulation in the interest of the entire society there can be no question of genuine democracy of government, or of a progressive socio-economic policy in conformity to the interests of the majority of the people.

Theoretically and practically such a redistribution can be effected through direct taxation of large-scale industry if it is privately owned. But the big capitalist is always able to compensate the part of the profit removed by the tax through an increase of market prices, i.e., at the expense of the consumer; not to mention the concealment of profit, which the big capitalists always manage to do so artfully. Moreover, if indirect taxes on manufactured goods are added by the state, the burden borne by the ordinary consumer will become even heavier. In such cases the bourgeois state, especially if it does not have its own sources of accumulation from public enterprise, will inevitably act solely as a tax collector, in other words, will in one or another way apply compulsion in relation to its own citizens in the interest of the propertied classes. There can be hardly any doubt that the prevalence of taxation over constructive functions will inevitably increase anti-democratic tendencies in the state machine and among its officials, adapting this apparatus to the selfish interests of Big Business and increasingly counterposing it to the working people.

The situation is not appreciably altered if the state itself builds enterprises and then turns them over to private persons (through sale, lease, and so on). Acting in this way, the

state reduces its functions to that of a contractor and deprives itself of its own constantly growing accumulation sources. The division of shares of an enterprise between the state and private capital mitigates the situation to some extent, but remains a half-measure. *So long as the state does not become the owner of large and profitable spheres of production and transportation, it inevitably will turn to taxation as the chief source of financing its economic measures.* In other words, the state, as hitherto, will appropriate, through the taxation system, resources from the majority of the population, materialise them in profitable enterprises and then hand them over to a minority of the population. This practice can hardly be qualified as democratic, although, possibly, in form the method of transferring the property or the financial resources from the state to big capital will be wholly parliamentary, that is, formally democratic.

The situation is different if the state, through new construction or the nationalisation of operating enterprises, consistently builds up the productive capacity of the public sector in the national economy. In this case, given rational management and fair prices of the output of the public sector, the state's own accumulation fund will steadily increase. Correspondingly, the share of state taxes in financing industrialisation will decrease. Moreover, the public sector can be given a democratic foundation because it will be able to develop itself not at the expense of the people, but for their good.

Hence it is difficult to understand why Professor Myrdal so unreservedly defends the principle of non-compulsion in exercising control over the private sector "if they [South-east countries—*Authors*] do not opt instead for nationalising the private sector and becoming like the Communist countries".¹ Incidentally, for Soviet scientists this "becoming like" process, as long as nationalisation is effected, does not seem so terrifying. Let us recall that the peoples of the Soviet Union, including the population of the former borderlands, have since the revolution been saved from a "South Asian drama of hardships and calamities. But even nationalisation, as understood by Marxists, is not a cure-all against every trouble and besides a definite level of development, requires

¹ G. Myrdal, *Op. cit.*, Vol. I, p. 934.

serious and many-sided preparation and should be accompanied by a constructive state economic policy.

Expansion of the public sector as such is still not a final guarantee that this sector will be subordinated to the general national needs. In practice, it may be utilised in such a way (as, for example, in India) that, according to Myrdal, "the investment and pricing policies pursued by public enterprises are usually such that, by holding down prices, they swell the profits of the private sector. . . . Successful operation of the public sector would normally increase opportunities for private enterprises."¹ But from this statement only one thing follows: a democratic approach to the use of national resources in construction must be supplemented and consolidated by the democratic functioning of the public sector in the interests of the whole nation. If such principles are merely proclaimed but not applied in a number of South Asian countries, as Myrdal points out, the evil is rooted not in the principles themselves but in an inability or unwillingness to apply them.

For more than 15 years now it has been generally recognised in Marxist literature that the attainment of economic independence and the advance of the productive forces and welfare of the people are Problem Number One of the young sovereign Asian and African states. Its solution is the keystone of the programme of general democratic changes encompassing all sides of social life. Therefore one must agree with Myrdal when he, contrary to some of his own assertions (and, perhaps, "bias" of an opposite order) agrees that economic development will help solve "non-economic" tasks and continues: "In this way planning becomes the intellectual matrix of the entire modernization ideology. And the demand for national development comes to encompass all strivings for political, social, and economic reform."² That is why we vigorously emphasise that true democracy of planning, based on an economic policy in the interests of the people, largely predetermines a democratic evolution in all spheres of social life.

Returning to the question raised by Professor Myrdal about the scape of the state's non-economic functions, it must be

¹ *Ibid.*, p. 819.

² *Ibid.*, p. 711.

said that they are largely determined by the attitude of the government to the small producer-owner. It will be recalled that the line of developing small-scale peasant and craft production, although the arguments justifying the need for it are couched in a terminology different from that of Soviet plans, is incorporated in the economic policy and planning targets of India and other South Asian states. Of course, the application of this line in a bourgeois country means that the development of small-scale production is designed to effect a transition to capitalist, and not to socialist, relations.

Moreover, small-scale commodity and even natural production itself is increasingly subjected to the influence of capitalist industrialisation. But this phenomenon can hardly be compared in significance to the fact that in India herself monopoly capitalism is emerging which is already craving for political power, for complete and undivided control over the state machine so that it can become state-monopoly capitalism. This is the latest and gravest danger that faces India on the road to social progress, democracy and consolidation of national independence. And about this danger Professor Myrdal, a well-informed researcher and observer, for some reason has nothing to say.

Were the monopoly claims of the local bourgeoisie prompted only by the natural concentration of large-scale production and capital, they could easily be brought under state control, and, given the right policy, be suppressed by the government. But the situation is greatly complicated by the fact that monopoly associations are technically and financially supported by foreign capital which offers them advantages not only over weaker private entrepreneurs but also in many respects over the public sector. Collaboration between the local and foreign monopolists (where it has been established) complicates the attitude to foreign capital, and it seems strange that Professor Myrdal has evaded this problem, just as he avoids a general analysis of the activity of foreign capital in conditions of political independence. Since we have no material for a direct polemic with him, we shall confine ourselves to a brief exposition of our understanding of the problem for the sole purpose of demonstrating that here, too, the Marxist approach cannot be regarded as either oversimplified or one-sided.

POSITIONS OF FOREIGN CAPITAL

Restriction of the exploiting activity of foreign monopolies and the gradual elimination of their domination, especially in key sectors, and the introduction of national control over the most important spheres of the economy are of almost decisive significance at the present stage in South and South-east Asian countries. At all events, India is approaching a situation when this question will have to be faced by her government and the masses in all earnest. It has matured to a no lesser degree in Sri Lanka and in Burma it has been solved irrevocably in favour of the nation. Sooner or later this question will also arise and become more acute in other countries of this region.

The most radical way of combating the domination of foreign capital in key economic sectors is to nationalise its property. This measure strikes at the roots of imperialist influence, facilitates the solution of the accumulation problem, reinforces the positions of the national state in the economy and thereby promotes faster economic growth. There are also cases when the nationalisation of foreign enterprises is an acute political and social necessity, although economically the ground may not be fully prepared for it. In the course of the struggle against imperialism, against the grip of foreign capital and reactionary socio-political elements which objectively or subjectively are imperialism's agents, only nationalisation of their property can rebuff these forces when they try to overthrow the political system, to oust an independent government or alter its anti-imperialist course.

From this, however, it does not follow that nationalisation of foreign property is always, under any circumstances, the best thing. To ensure the success of nationalisation and make it economically effective, it is usually necessary to prepare for it thoroughly and soberly consider a whole series of interconnected economic and political factors, each of which plays a highly significant part. Inadequately conceived and prepared nationalisation, as a rule, causes considerable complications and additional economic difficulties, and such a turn of events may even discredit the idea of nationalisation as such. Where the objective economic and technical conditions prevent successful nationalisation, its temporary alternative, as demonstrated by the experience of many develop-

ing countries, is to restrict the privileges of the foreign monopolies and to institute flexible but stringent control over their activity, the distribution and withdrawal of profits.

The natural desire to abolish the domination of the international monopoly tycoons does not necessarily entail categorical rejection of any services of foreign capital. The developing countries, badly in need of financial and material resources, technical know-how and organisational experience, and lacking sufficient markets, as a rule, seek to eliminate bottlenecks in economic growth with the help of foreign capital. In principle this is permissible. The crux of the matter is the scale and nature of this help and the conditions on which the services and resources are acquired from foreign capital, the terms of repayment and state control over foreign capital. The main thing is that assistance be given without fettering terms, without political discrimination, without political strings that gradually lead to neo-colonial dependence. If a young state strives to lay a stable basis for economic growth, to preserve and reinforce its political sovereignty, private capital which operates solely for the sake of profits and superprofits can be assigned only an auxiliary role.

The experience of absolutely all developing countries shows that at each stage of development it is no less important to gain the maximum possible concessions in the concrete technical, financial and commercial terms on which private foreign capital and so-called Western state aid are given. The issue is not whether to attract foreign capital for purposes of economic growth or not, but how to reduce to a minimum the attendant outflow of resources and to make this capital serve national economic development.

The formation of sovereign states has, as a rule, been accompanied by changes in the conditions for the operation of foreign capital. The replacement of foreign by national personnel is actively under way in all countries. A considerable part of foreign property in general has been nationalised. The infrastructure (railways, means of communication, air lines, shipping lines, power system, and so on), in most countries has been turned over entirely to the state. One of the aims of the formation of a public sector and the gradual introduction of planning elements in the economy, has undoubtedly been to subordinate foreign capital to national interests. Notwithstanding the gradual ousting of foreign

capital from a number of important spheres, foreign investments in South and Southeast Asia are increasing. This does not always imply greater dependence for the capital-importing country, at least, not in all cases. Nevertheless, the task of reducing the existing dependence on foreign capital is brought to the fore by the very struggle for economic independence.

To lessen this dependence all developing countries strive first of all to develop sources of internal financing, including those which could yield convertible currency. This is the only correct line and it remains unchanged. These countries' own accumulations will increasingly become the principal source for financing economic growth.

A sure means of ending the outflow of capital from developing countries, naturally, lies in the complete nationalisation of foreign capitalist property. But in many countries nationalisation is not undertaken at present because of technical and administrative unpreparedness, the absence of personnel, the lack of markets, the danger of economic boycott or because of the big outlays involved in redeeming foreign property. A specific way of preparing for nationalisation is the active process of setting up combined state and private enterprises by transforming private foreign companies into mixed ones. This process has been going on in Tunisia, Nigeria, Algeria, the Arab Republic of Egypt, Iraq and some South and Southeast Asian countries.

The possibility of such changes, which compels foreign capital to invest and, more important still, to re-invest capital for development purposes, does exist and the point is how to utilise it, how to apply it flexibly. Productive re-investment of profits obtained in a given country, instead of their withdrawal by foreign capital, is an important aim of state economic policy. Re-investments, with the addition of state capital, moreover, in sectors that offer good prospects for expanding export resources or for building less capital-intensive enterprises which noticeably increase employment—all these are practical measures which could be widely utilised within the bounds of a policy of gradual approach to partial or fuller nationalisation of foreign capital.

For many years to come foreign capital will still be an important (but at least not the predominant) factor of economic development not only in countries following the bour-

geois road, but also those that take the non-capitalist path, and this has to be considered by the state and the national forces. When Soviet Russia after the victory of the October Socialist Revolution faced the task of eliminating backwardness as quickly as possible, Lenin regarded foreign concessions not only possible in principle, but also practically necessary. He emphasised: "The whole difficulty with concessions is giving the proper consideration and appraisal of all the circumstances when concluding a concession agreement, and then seeing that it is fulfilled."¹

Lenin warned us not to have any delusions about relations between the concessionaire and the world capitalism standing behind him, on the one hand, and Soviet Russia, on the other. He specially drew attention to the point that "the scale and the conditions under which concessions cease to be a danger and are turned to our advantage depend on the relation of forces and are decided in the struggle, for concessions are also a form of struggle, and are a continuation of the class struggle in another form, and in no circumstances are they a substitution of class peace for class war. Practice will determine the methods of struggle".² Anyone can see that these ideas voiced by Lenin more than half a century ago are important for all developing countries, although, of course, their internal socio-economic conditions and external economic situation differ from those which Lenin had in mind.

The struggle of developing countries for strengthening their economic sovereignty and progressive tendencies in social life demands solidarity on the part of all democratic, anti-imperialist and progressive forces in building up a united anti-imperialist front to resist the intrigues of imperialism in international economic life, in the world market, in the system of trade, credit, loans and technical and economic co-operation. Effective co-ordination of the foreign economic policy of developing countries is an important requisite for success in the struggle for equal economic relations. Such co-ordination should play an active part in ensuring their genuine independence and democratic path of development.

¹ V. I. Lenin, *Collected Works*, Vol. 32, p. 347.

² *Ibid.*, p. 346.

It may be useful to recall certain facts from the recent past. During the period of India's First Five-Year Plan (1950/51-1955/56) many local and foreign capitalists, in pursuance of their own ends to the detriment of the social and state interests, obstinately resisted the line of state influence on the economy. As for the foreign monopolies, it is well known that Ford and General Motors, in reply to the proposal of the Indian Government that instead of assembling motor vehicles in India from American-made parts they should introduce a complete production cycle in the country, actually curtailed operations, dismantled their equipment and shipped it out to the United States.

Americans refused to participate in building an iron and steel works and a heavy electrical equipment plant. This was a natural result of the anti-industrialisation policy of foreign companies, which until the Soviet Union undertook to build the Bhilai Iron and Steel Works did everything possible to sabotage the development of an Indian publicly-owned steel industry. At the same time the private capitalist sector did not carry out the recommendations of the First Plan as regards the sectoral allocation of investments.

Economic co-operation with the USSR and other socialist states enables developing countries to establish more effective external economic ties with imperialist powers, to offer greater resistance to neo-colonialist pressure and to gain more advantageous terms in enlisting imperialist financial and material resources and technical assistance for national economic development. For developing countries it is preferable, in principle, for foreign capital to co-operate with the public sector, rather than the private sector.

THE SOCIALIST COMMUNITY AND THE THIRD WORLD

Professor Myrdal rightly refutes the long-standing free trade notions, now advocated again by some Western theorists, about the automatic evening out of economic development levels in different countries under the influence of world trade. He emphasises that both world trade and the move-

ment of capital on the whole will generate inequality and intensify the inequality already there.¹

He joins R. Prebisch who uses the term "back-wash effect" to explain the influence of technological progress in industrial countries on economically backward states.

The positions of Soviet economists (specifically, the authors of this work) on questions of international economic relations have many times been expounded and are also available in translation for readers in other countries. These positions are often close to the views of Myrdal and in some areas coincide with them. This makes it unnecessary to enumerate all coinciding or close viewpoints on this problem. Let us examine points which, in our opinion, have to be clarified and supplemented.

Professor Myrdal rightly notes the conversion of the colonies into exporters of raw materials (primary goods) which are produced by low-skilled workers. But his conclusions on this point are not in the spirit of his own institutional concept, namely, that raw material specialisation has in many respects facilitated the preservation, even if in modified form, of the traditional institutions (for example, landownership of the zamindari type in Bengal which produced jute for export). Indeed, an increase in money receipts from export crops made it possible not only to pay the money land tax but also to maintain the zamindar with the entire personnel under his patronage (a set of brahmans or mullahs, bookkeepers and collectors of the tax and land rent and watchmen of the zamindari institutions).

In this sense the "play of market forces" was not so all-embracing as Professor Myrdal imagined² (and as some Marxists used to think). Traditional institutions relied on non-market relations not so much in the sphere of consumption (luxury items, horses, weapons and the like have always been bought) as in the sphere of producing the means and implements of agriculture. Of course, the "play of market forces" did not bypass agricultural production, especially the prime necessities of the person engaged in it, but it did not destroy the institutions which consolidated the

¹ G. Myrdal, *The Challenge of World Poverty*, New York, 1970, p. 279.

² G. Myrdal, *Op cit.*, p. 283.

subsistence nature and patriarchy of these production relations.

That is why a scientific analysis of the socio-economic pattern of South Asian countries demands that it should be broken down into elements in which the "market forces" (for example, in the urban crafts) were utterly destructive and into complexes in which these forces engendered only slow disintegration processes. Efforts to reach a compromise and understanding with the dominant strata of such complexes make up the subject of the most meaningful pages of British colonial sociology in South Asia.

The notion that the capitalist nature of the British, Dutch and finally American colonialism compelled the colonisers to seek contact primarily with the incipient bourgeois elements of South Asia holds no water. Undoubtedly, such a desire existed and at times it was even reciprocal but it was severely tested by the "play of market forces". Let us recall Dadabhai Naoroji and his colleagues, their search for a common platform with British liberalism over many years, and the subsequent cooling, if not to say hostility. This example demonstrates by no means the equal nature of relations between capitalist structures of the same type, and their representatives, as long as one structure is marked by historical backwardness and weakness.

The socialist formation has already justified its place in history and logical consistency by proposing for the first time in history relations of equality and mutual economic and social assistance to regions, countries and peoples with a different historical destiny. Therefore when Professor Myrdal reduces the assistance of all industrially developed countries—above all, the USSR and the USA—to a common denominator, this is unjustified, to say the least.

Here there is no need to resume detailed comparisons of the economic relations between South Asian countries and the West, particularly the USA, and the relations they have with the socialist community, above all the Soviet Union. The Soviet literature on the subject has already demonstrated the fundamental differences between these relations in respect of such major aspects as the sectors of the national economy which derive the biggest benefits from external receipts, the financial and technical terms of loans and cred-

its, and of their redemption, the training of national personnel, and so on.

Let us try merely, by applying the comprehensive approach (as we understand it), to establish the main differences in the economic relations that socialism and capitalism maintain with the Third World. To begin with, the emergence and expansion of these world systems had the most diverse consequences for the peoples of the East. While capitalism has merely changed the scale and methods of plunder, socialism, on the contrary, completely repudiating capitalism, offers assistance and mutually beneficial economic relations to the East, which are growing as its own strength is mounting. That is why Marxists have always regarded an alliance with the peoples of Asia, Africa and Latin America as a complex of mutual interests—political, military, economic and cultural. The community of these interests demands corresponding mutual understanding.

Lenin always provided for at least two stages in relations between the revolutionary, and subsequently socialist, working class and the oppressed, and subsequently sovereign peoples of the East: the first stage is rapprochement, and the second, is merger. This development by stages is reflected in Lenin's forecast that the place and role of the newly-free peoples in world-transforming processes would rise as they themselves went over from the initial, national liberation stage of the movement to struggle against capitalism and for social emancipation. Gradual growth of the anti-capitalist content—this is what Lenin foresaw, and it has been corroborated by the growing rapprochement between the peoples of the Third World and the socialist community.

Lenin also revealed the meaning of co-operation between the coming socialist society and future sovereign states in the East, its long-range historical perspective, the part it would play at the stage of industrialisation, in the struggle for the abolition of bondage and for democracy, and at socialist stage proper in the Eastern countries themselves. This last stage has not arrived so far in any South Asian country, and this determines the nature and scale of the existing co-operation between them and the socialist community at present, and also the prospects of "merger" in future.

Genetically, world socialism came into being in the form of the socialist structure of Soviet Russia. In both the scale and assortment of its output it could not be compared to world capitalism at that time. The proletariat of the industrially developed areas of Russia (Moscow, Leningrad, Ukraine and the Urals) rendered assistance to the peoples of the former borderlands of tsarist Russia in eliminating economic and cultural backwardness. Since these regions included the borderland republics of our country—Azerbaijan, Georgia, Armenia, Turkmenia, Tajikistan, Uzbekistan, Kazakhstan and Kirghizia—the economic and cultural development undertaken there may be regarded as the first stage of co-operation of socialist society with the Eastern peoples (although it did not go beyond the bounds of one state).

The processes of the political and socio-economic integration of the peoples of the Soviet Union on a common socialist basis were completed in the main by the end of the 1930s. This was a double gain for socialism. First, it was now stronger in formerly backward regions; second, relations of one-sided assistance by the socialist (predominantly Russian) centre to the backward national borderlands had been replaced by relations of mutual assistance and co-operation.

It is difficult to imagine what disasters would have been in store for our country and for the future of world socialism itself had not the socialist integration of Soviet society been an accomplished fact by 1941 when Hitler's tanks struck at the centres which had launched the socialist remaking of Russia—Moscow, Leningrad and the Donets area. Years were required to restore and extend the socially and culturally transforming functions of the working class and the intelligentsia of these centres within their own country. It was natural that not until some 5 or 10 years after the Great Patriotic War, which had claimed the finest young forces of our country, was the Soviet Union able to begin rendering assistance to India and other Asian and African countries.

Needless to say, our country has never been burdened with a surplus of capital (absolute or relative) either at that time or now. The authors of this book, when lecturing before citizens of our own country, have often had to explain why credits to Afro-Asian countries should have priority over urgent appropriations needed for modernising our agricul-

ture, building new homes, schools, roads, and service establishments. Unfortunately, however, even scientists of Myrdal's calibre have succumbed to the perorations about rich and poor nations.

The Soviet Union has frequently assisted other countries with resources that were needed for advancing the economy and the cultural and material standards of the Soviet people. A case in point is the massive credits granted by the USSR to the People's Republic of China in the first ten years of its existence, the help to India in building the Bhilai Iron and Steel Works, and the like.

In the first ten postwar years tremendous resources and effort had to be given by the Soviet Union to consolidating the socialist community whose members were exhausted by the war and some of whom, moreover, were economically backward. It is natural that the USSR gave priority to its obligations to the socialist community. It was no easy task to live up to these obligations. Of course, the idea of equalising the living standard and in general the economic level of socialist countries has a strong human appeal. But one has to remember that it meant redistributing the surplus product in favour of countries with a lower economic level.

There is another tendency in the relations of world socialism and world imperialism with the Third World that requires attention. While in the case of socialism technical and social achievements promote its rapprochement with the Third World and pave the way for socialist-oriented global integration, imperialism's use of the potentialities of the scientific and technological revolution, on the contrary, accentuates the relative backwardness of developing countries and widens the gap between them and industrial countries. Neither of these processes, however, is spontaneous; they are effected and directed through their respective mechanisms, the main function of which in both cases is the redistribution of the surplus product. But while the mechanism of the socialist world is designed to make optimal use of a part of the socialist surplus product for the socio-economic reconstruction of the Third World, the mechanism of the imperialist monopolies is designed to remove and appropriate the maximum out of the surplus product created in the developing countries (individual and temporary deviations from this

function do not alter the general trend of the monopolist policy).

But we must not oversimplify this conception of the use of the socialist surplus product. We take as the initial point of economic assistance to Eastern countries not the gross but the surplus product, because only the alienation of a part of the surplus product can be considered if we do not want to undermine extended reproduction in the socialist community itself. Moreover, in conditions of the scientific and technological revolution merely channelling a large part of the surplus product into productive accumulation is not enough. The increase in asset-intensity, observed in some socialist countries in the early 1960s, put a very sharp edge on the question of the qualitative content of accumulation: improvement of equipment, reduction of material- and power-intensity, advance in the level of economic and technical management, and so on.

In other words, it has become even more necessary, while keeping up a high rate and a corresponding mass of the surplus product, to materialise it in the most modern equipment, materials, and final product. In this situation "investment in man" yields a growing production return, because the constructive initiative of the producer is becoming a more and more essential prerequisite both for the improvement of equipment and its maximal productive use. And here we cannot agree with Professor Myrdal who, while rightly linking the raising of the living standard of the workman in South Asia with an increase in the productivity of his labour, practically denies such a connection in industrial countries.

Yet, such a connection does exist in these countries, although not in an obvious way. To begin with, the scientific and technological revolution has quite suddenly swelled the numbers of scientific and highly qualified technical personnel, the value of whose labour power is incomparably higher than that of the labour power of those who perform simple work. Marx wrote on this score: "All labour of a higher or more complicated character than average labour is expenditure of labour-power of a more costly kind, labour-power, whose production has cost more time and labour, and which therefore has a higher value than unskilled or simple labour-power. This power being of higher value, its con-

sumption is labour of a higher class, labour that creates in equal times proportionally higher values than unskilled labour does.”¹

It goes without saying that complex labour and the value of labour power it entails possess different social functions and properties in industrial countries depending on their type—capitalist or socialist. In one case, this labour power is materialised in capitalist surplus value, in the other case, in the socialist surplus product. In both cases, however, a person has a right to compensation for the higher expenses for maintaining himself and his family. The allegations of Leftist elements about the embourgeoisification of the working class and the scientific and technical intelligentsia of industrial countries, both capitalist and socialist, play into the hands of world imperialism.

This demagoguery provides the monopolies with a “justification” to reduce the price of highly skilled labour power below the level of its real value and increase their profits on account of the necessary product of the workman. Thereby, the military-industrial complex receives additional resources for the arms race, aggressive wars, the extensive social bribing and corruption of the masses, especially young people.

It is a different matter with those sections of the working class and intelligentsia which are marching in the van of the scientific and technological revolution in socialist countries. Their vital needs are satisfied on the basis of the socialist principle of distribution according to work. Violation of this principle would lead to the defeat of the socialist world in the scientific and technological competition against imperialism.

Socialist society of course is vertically mobile. The general high material level and the system of universal secondary and widespread higher education open the way to the highest skill and a corresponding position for any young person from any stratum. It is not hard for Professor Myrdal to see that Soviet students of Asia and Soviet Marxists in general take a comprehensive approach to political, institutional, social, economic and other factors contributing to the improvement and development of society. Since their views

¹ K. Marx, *Capital*, Vol. I, p. 197.

are largely expressed in the authoritative documents of Soviet Party Congresses, we take the liberty of presenting several lengthy quotations from such a fundamental document as the Report of the Central Committee of the CPSU to the 24th Party Congress.

Here are excerpts from the Report:

"... In the present conditions the demands which society puts on the economy are rapidly increasing along with the economic possibilities. In the early stages of building socialism, it will be recalled, we were compelled to concentrate on the top priorities, on which the very existence of the young Soviet state depended. Now the situation is changing. Not only do we wish to—for we have always wished it—but we can and must deal simultaneously with a broader set of problems.

"While securing resources for continued economic growth, while technically re-equipping production, and investing enormously in science and education, we must at the same time concentrate more and more energy and means on tasks relating to the improvement of the Soviet people's well-being. While breaking through in one sector or another, be it ever so important, we can no longer afford any drawn-out lag in any of the others."¹

"Setting a substantial rise of the standard of living of the working people as the main task of the Ninth Five-Year Plan... the Party proceeds primarily from the postulate that under socialism the fullest possible satisfaction of the people's material and cultural requirements is the supreme aim of social production.

"From the first days of Soviet power our Party and state have been doing their utmost in this respect. But for well-known historical reasons our possibilities were limited for a long time. Now they are substantially greater, which enables the Party to raise the question of centering economic development still more fully on improving the life of the people.

"The Party also proceeds from the fact that a higher standard of living is becoming an ever more imperative requirement of our economic development, one of the important economic preconditions for the rapid growth of production.

¹ *24th Congress of the CPSU*, Moscow, 1971, p. 48.

"This approach follows not only from our policy of further accentuating the role of material and moral labour incentives. The question is posed much more broadly: to create conditions favourable for the all-round development of the abilities and creative activity of Soviet people, of all working people, that is, to develop the main productive force of society.

"Modern production sets rapidly rising demands not only on machines, on technology, but also and primarily on the workers, on those who create these machines and control this technology. For ever larger segments of workers specialised knowledge and a high degree of professional training, man's general cultural standard, are becoming an obligatory condition of successful work. And all these depend to a considerable extent on the standard of living, on how fully the material and spiritual requirements can be satisfied."¹

At the present stage the problem of improving the pattern and raising the efficiency of production is formulated in the USSR as follows: "The rates of economic growth, the possibility of accumulation required for the development of the economy, and for raising the living standard depend in many ways on a correct solution of the structural problems."² Naturally, if structural problems and accumulation hold a central place in our own planning, we have to proceed from these principles in the development of our long-term relations with other countries. We emphasise the *long-term* approach, because in the *short-term* aspect Soviet people have always been prepared to make sacrifices at the expense of their own welfare (for example, in the early 1950s the People's Republic of China received from the USSR more up-to-date equipment than was installed at Soviet enterprises). But to make such a situation permanent would prevent the structural improvement of Soviet production and society itself, which inevitably would also reduce the scale and quality of the co-operation between the USSR and Third World countries.

In view of the current scientific and technological revolution, structural changes must also be made in the training of personnel: "Numerically the intelligentsia continues to grow

¹ 24th Congress of the CPSU pp. 50-51.

² Ibid, p. 70.

quickly. The number of scientific workers, engineers, technicians, agronomists, teachers and doctors is increasing, and in recent years the rate of growth of the scientific and technical intelligentsia in the Soviet Union has exceeded the rate of growth of all other social groups. This is a natural process. It is a result of the Party's policy of achieving the utmost acceleration of scientific and technological progress and further raising the cultural and educational standard of the people."¹

For a long time socialism was accused of neglecting the individual. Today when as a result of innumerable sacrifices and heroic effort we have conditions for the all-round and purposeful moulding of a human personality of a new type, there are men who accuse our people of "national selfishness", "embourgeoisification", and similar mortal sins. Yet anyone with even a little education and common sense will have no difficulty in understanding the direct interconnections between such phenomena as improvement of the well-being of the Soviet people, increased skill, complexity and productivity of their labour, increase of the gross and especially the surplus national product of the Soviet economy, and the allocation of the absolutely and relatively increasing part of the surplus national product for rendering assistance to other countries and peoples striving to defend their homeland from aggression, and to promote their economic and cultural development. In other words, an inseparable connection exists between the living standard of the Soviet people and the ability of developed socialist society to render more and better support to peoples in need of it.

Now here are some points that have a direct bearing on this question. The climate of most areas of our country, especially the industrial areas, is severe and this circumstance alone dictates a much bigger expenditure for food, clothing, housing, urban transport than, say, in the United States, Western Europe and Japan. An enormous planned effort was required to satisfy the urgent needs of our people in these items. Even now a certain amount of time is still needed to achieve scientifically-based consumption rates in these components of the living standard.

¹ *Ibid.*, p. 90

With the advance in the living standard, the cultural needs of the Soviet people likewise rise.

Prior to the revolution the majority of the population in our country began to work at the age of 10-12, and at 14-16 years had already acquired a definite vocation and earnings. Today Soviet children at this age are still in secondary or specialised vocational schools. For example, at the end of the 1960s, 80 per cent of Soviet children were receiving a full secondary education, and about 20 per cent of young people who had reached the age of 18 entered university. But even after completing his higher education, a young person is faced with so many demands for specialised knowledge and experience that a few more years pass before he acquires the necessary professional training and corresponding position and reward.

This situation bears some resemblance to what is happening in the West. But in the Soviet Union, to mention the most essential distinctions, measures have already been taken, and further measures will be taken, to have the state budget shoulder the main brunt of the "race for knowledge". Without burdening the reader with generally accessible statistics, let us note that grants to students are drawing near to the constantly growing minimum wage, that some of the finest buildings in Moscow, Leningrad, Novosibirsk, Tashkent and other Soviet cities are universities, that these universities have free well-equipped hostels, cheap cafeterias and excellent sports facilities, that the best Soviet and foreign artists consider it an honour to perform at student clubs.

The micro-system of distribution has always presupposed a certain redistribution between the older and younger members of society, but it is the scientific and technological revolution (and as its consequence, the revolution in education) that has caused among the "young", who as a rule are more educated and consequently more productive (at first potentially), a leap in the composition and quality of what they consume. In other words, the totality of the socio-economic advances engendered by the scientific and technological revolution, transfers the problem of the so-called "youth-age" contradiction from the primitive consumer plane into a fundamental problem of the conformity of volume of professional knowledge and, more important still, consciousness to the already existing notions of reward of these qualities.

In socialist countries a harmonious solution has been found for the well-known conflict of generations that has beset humanity for so long. Can the multi-structural "disintegrated" South Asian countries solve this problem? Or will they have to reconcile themselves to a conflict which stands mid-way between the Leftist "revolt of youth" in the West and the "cultural revolution" in China? Let us mention in passing at least one difference between these two phenomena, at times deliberately associated with each other on account of their outward hostility to the Establishment. Yet in the case of Western Leftists this hostility attacks the very existence of the Establishment, while the Hungweipings (or, to be more exact, their inspirers) attacked merely the leadership of government agencies and mass organisations. But perhaps these movements have something in common besides the age factor, namely, the tendency to attach to age a self-sufficient importance and determine its place in society on this basis? The tragedy of the revolt of young people in Sri Lanka demonstrates simultaneously the unreliability of this factor and its susceptibility to the influence of the most diverse forces whose illusions are by no means the illusions of youth.

The importance of the "father-and-son" problem brings to mind Lenin's thought on this score: "Adults who lay claim to lead and teach the proletariat, but actually mislead it, are one thing: against such people a *ruthless* struggle must be waged. Organisations of *youth*, however, which openly declare that they are still learning, that their main task is to train Party workers for the socialist parties, are quite another thing. Such people must be given every assistance. We must be patient with their faults and strive to correct them gradually, mainly by *persuasion*, and not by fighting them. The middle-aged and the aged often *do not know how* to approach the youth, for the youth must of necessity advance to socialism *in a different way, by other paths, in other forms, in other circumstances* than their fathers."¹

The peoples of South Asia have already tasted the grim and often cruel consequences of wrangles between different ethnic, religious, communal, caste and other groups. To add to these wrangles a conflict of generations would mean to

¹ V. I. Lenin, *Collected Works*, Vol. 23, p. 164.

undermine the very foundation of the unity of the progressive forces. That is why a high appraisal should be given to the tolerance displayed in Sri Lanka towards the participants in the revolt or in India by veterans of the Communist Party towards the Left extremist circles of young people deceived by Leftist anti-communist demagoguery.

For this reason we cannot subscribe to Professor Myrdal's reproaches against young people who, as he asserts, on getting an education, begin to scorn physical work, especially in the countryside. Since in making this charge the professor has a word of approval for the young Russian intellectuals who brought to the pre-revolutionary village knowledge and new social ideas, we shall take the liberty of drawing some comparisons. To begin with, the educated youth of old Russia, which suffered from political oppression and quite frequently also poverty, never had to face the nightmare of "educated unemployment". Rather the reverse—they were "threatened" by the comfortable complacency of the liberal professions, of engineers, agronomists, or government officials.

Let us get back to the question of the expediency of drawing the educated young people into agricultural work in South Asia today.

It would be senseless and absurd to transfer people of the highest qualification which requires special and long training to work that could be performed by an unskilled labourer. But is not this what comes of Mao's anti-social measures for "re-educating" the Chinese young intellectuals by exiling them to the village? As a matter of fact, both extremes—the "seizure of headquarters" and the transfer of young people to agriculture—proceed from one premise: the youth is incorporated into the already existing socio-economic (or, if you prefer, institutional) system. The difference is only in the level of incorporation—the upper or the lower. Incidentally, the experience of the "cultural revolution" in China shows that even when the movement is launched against "headquarters" only a few participants find their way into the new command, while the rest are offered the *status quo* or the selfsame exile to the village. Of course, the political path travelled by the Mao group itself demonstrates (at least, theoretically, speaking of its applicability to present-day South Asia) the possibility of performing the operation in

reverse, i.e., from the village to "headquarters". But given either of these alternatives, the general socio-economic backwardness ultimately may dictate the same proportions: a minority into "headquarters", i.e., into the state apparatus; the majority, "into the village", i.e., the sphere of the most backward socio-economic relations where the selfsame problems which existed prior to the seizure of "headquarters" by the minority remain unsolved.

We raise these points not to frighten the "young" but, first, to give an idea of the scale of the global tasks (although they may not all be of equal importance) that face mankind, including the young generation; and second, to emphasise that historically concrete types of national being raise equally concrete problems in resolving the contradictions of this being. In this field, we assume, neither Professor Myrdal nor Soviet scientists have any fool-proof recipe to offer. To learn Marxism the hard way (without nationalising it in so doing) is the rewarding though difficult task that confronts the finest young minds in South Asia.

On the basis of the circumstances we have just described (all of them are quite well known incidentally) it is possible to single out one more tendency in the interrelations of the three worlds—a certain synchronism (but by no means equal significance) of the social and ideological processes taking place in all three. Moreover, the changes in social structure in the socialist world are expanding the objective and subjective possibilities for co-operation and mutual understanding with the newly-free peoples, especially with their forces which are emerging and becoming aware of their strength, including the young people. The structural changes in the West in this respect are highly contradictory; of course, the revolt of the young against the corporative society and its sham values prepares their minds for understanding the common destiny of all mankind. But, first, this understanding is still far from being embodied in concrete measures of a socio-economic order; and second, consolidation of the military-industrial complex and the inordinate swelling of its personnel remain an integral part of structural changes in the West; there is hardly any need to prove the organic hostility of the Western élite to all the world forces that are making the real history of mankind, building its by no means easy or simple but at least wisely regulated future.

THE NON-CAPITALIST PATH AS AN HISTORICAL REALITY

Many bourgeois political leaders and sociologists, discussing the prospects of the former colonies, have made forecasts in which their inmost desires have been presented as inevitable reality. The Third World, they have prophesied, will become a powerful well-spring for the regeneration of capitalism and neo-capitalism will flourish on the basis of the three backward continents—Asia, Africa and Latin America. The vast territories inhabited by more than 1,500 million people who still are at a pre-capitalist, at best at the initial capitalist, pre-industrial stage of development, in conditions when private enterprise is already effectively eroding and undermining the foundations of the patriarchal, communal way of life and the feudal mainstays—is not this fertile soil for a new capitalism? Economically and socially backward societies with a small and poorly organised proletariat and at times without any proletariat at all; societies in which conditions are not yet ripe for the crystallisation of a politically conscious vanguard of the working class as represented by Marxist-Leninist parties—is not this a guarantee of the stability of capitalist tendencies, the durability of the social relations which in Western countries, owing to the powerful working-class movement, no longer seem immutable?

However outwardly convincing such arguments seemed at the time, the 15-25 years which have passed since most of the young states came into being have exploded the predictions that the Third World was about to become a bulwark of capitalism, a factor of its rejuvenation and stabilisation. Despite these predictions, influential political forces in young independent states are displaying ever greater intolerance of capitalism. The development of the international working-class and communist movement, the growing influence exerted by socialism on the destinies of the peoples have upset the normal course of events and have opened up new possibilities and new forms for a revolutionary rejection of capitalism.

Practically all countries fighting for national independence have for many years faced the choice of ways of development, a choice between the two dominant social systems, between the two poles of the contemporary world—capitalism

and socialism. By no means all of them have made this choice. Those of them which have chosen the capitalist way of development are either marking time or, more often, are in the throes of socio-political crisis, in the course of which the masses are trying to interrupt capitalist development and turn their countries toward the path of social progress.

The very possibility of choosing the non-capitalist path of development is one of mankind's greatest gains, the fundamentally new feature of the present revolutionary era. The non-capitalist path is added proof of the correctness of the Marxist-Leninist idea that the peoples who have fallen behind economically can undertake the building of socialism, bypassing or substantially curtailing the capitalist stage. "Today," it is noted in the Report of the CPSU Central Committee to the 24th Party Congress, "there are already quite a few countries in Asia and Africa which have taken the non-capitalist way of development, that is, the path of building a socialist society in the long term. Many states have now taken this path. Deep-going social changes, which are in the interests of the masses of the people, and which lead to a strengthening of national independence, are being implemented in these countries, and the number of these changes has been growing as time goes on."¹

Is the non-capitalist path universal? Is it obligatory for all developing countries? Is it in present-day conditions a general law for all the newly-free countries governing their advance towards socialism? To pass through the stage of non-capitalist development is by no means a universal law but only one of the laws, one of the diverse ways for the advance to socialism, a way that is possible and justified, historically necessary and consequently inevitable in certain specific conditions. *The purpose of non-capitalist development is to create the prerequisites for the subsequent transition to building socialism.* It is a matter of the technico-economic and cultural prerequisites, of attaining a definite economic and cultural level, and of the political prerequisites, of having a broad and reliable social basis, as represented by the working class and the working peasantry, and also a political vanguard equipped with a scientific theory.

¹ 24th Congress of the CPSU, pp. 23-24.

So far most of the newly-free countries have no such prerequisites for the transition to socialism. Experience of recent years suggests that the idea of non-capitalist development has been applied and become a promising political trend mainly in the African countries and partly in Asia. Here non-capitalist development has a great future and more and more new countries will take this path. As for Asian countries which are approaching the average level of capitalist development and, even more so, Latin America, where many countries have already reached that level, the idea of non-capitalist development is hardly if ever advocated and, as a rule, has quite a different connotation.

In this group of countries the slogan of non-capitalist development (where it is used) implies national-democratic, anti-imperialist, anti-feudal, anti-monopoly changes and direct preparation of conditions in which the democratic stage of the revolution can grow into the socialist stage. In these conditions this slogan helps to rally together all the progressive social forces for the purpose of setting up a national-democratic front and stemming the further growth of big and monopoly capital prior to its nationalisation (India).

Needless to say the use of the highly democratic slogan of non-capitalist development for demagogic ends cannot be ruled out. The striving of the revolutionary vanguard to unite all the advanced social forces on the basis of a militant democratic programme, on the one hand, and on the other, the reformist concepts of the enemies of social progress who seek to divert the masses from socialism, to undermine the influence of Marxist-Leninist parties—such are the two possibilities of utilising the slogan of non-capitalist development in countries where capitalist relations have taken sufficient shape.

The reasons why tendencies to socialism are so widespread in the Third World are rooted not only in the anti-capitalist sentiments of many leaders of young states. The economic position of the former colonies and their continued exploitation by imperialism demand a non-capitalist alternative.

An analysis of the present-day world capitalist economy, of which the countries that not long ago discarded the colonial yoke are still a special part, clearly reveals the factors which are impelling the developing countries to oppose capi-

talism as a system and then also gradually to break away from it by restricting and ousting the capitalist elements from their economy. This is not yet a complete break with the world capitalist economy and its laws, with their unequal position in it, but it does undermine the relations which kept these countries firmly tied to the world capitalist system and offered them only the capitalist way.

Economic necessity alone and the desire to advance along the non-capitalist path are not enough. Both objective and subjective conditions are required to fulfil the conscious necessity of non-capitalist development. Some national-democratic proponents of the non-capitalist development see anti-capitalist potentialities in the primitive socialist, primitive communal, patriarchal-tribal institutions and traditions of the people, in religion, and so on. A definite danger exists of idealising and overestimating the role and significance of patriarchal traditions in the transition period, when the break-away from capitalist development begins. These institutions as such do not contain spontaneously developing shoots of progress that would enable a backward society to escape from stagnation without joining in the contemporary class struggle between the socialist and capitalist civilisations. At the same time by themselves they are powerless to resist the pull of private property, greed, exploitation and parasitism which attack them.

The existence of extremely stable patriarchal traditions and their attendant illusions creates a fairly favourable psychological climate for spreading the ideas of struggle against the exploitation of man by man. But what is needed is the decisive interference of the progressive forces, the use of modern methods and means of economic progress and the class struggle located beyond the bounds of the archaic way of life, so that these traditions can be more or less effectively utilised for the development of the initial socialist tendencies in a backward society. The survivals of patriarchalism do not guarantee the possibility of non-capitalist development. This factor existed prior to the First World War and in the interwar period, and national-revolutionary and national-reformist leaders who dreamed of establishing social harmony and justice often staked on it. But it invariably proved to be illusory and calculations to build socialism on its basis were utopian.

It is a fundamentally new, epochal phenomenon that has led to the emergence of new forms of transition to socialism. This is the existence and development of the Soviet Union, of the entire world socialist system, their assistance and support to the national liberation movement. The material and technical support of socialist countries not only promotes the development of young independent states, but also serves as a socio-political guarantee of the success of the progressive changes they are effecting and protects them from the encroachments of imperialism. It is the support of the socialist community which actively resists imperialism that forms one of the mainstays of the non-capitalist path. It is a primary factor in making this path possible. In recent years national-democratic parties and their leaders have increasingly understood the importance of this fact, and this has made the prospects of non-capitalist development more reliable.

The thesis that *the non-capitalist path of development has become a reality thanks to the support of the socialist community* is not merely an important theoretical statement. It is a proposition of immense practical and political significance. Contained in it is the strategy of relations of socialist countries with all the forces of democracy, anti-imperialism and social progress in the former colonies, the foreign-policy line of strengthening co-operation, solidarity, mutual assistance and unity in the struggle against the common enemy.

As for the forms of socialist assistance to young national states, here probably many things need to be improved. The assistance of socialist states has to be in the nature of mutually beneficial co-operation, because the resources of one side are obviously inadequate for satisfying the acute and ever growing needs of countries which have taken or are ready to take the non-capitalist path.

The objective need for co-operation with socialist countries makes definite demands also on the foreign-policy ideas and notions which serve as a general platform for Third World countries. Specifically, positive neutrality and non-interference could not in the past be interpreted as balancing between the two social systems. Even less can they be so interpreted now. The interests of the joint struggle against imperialism demand rapprochement with socialist countries, a precise understanding of the fundamental difference in the social natures of socialism and imperialism, the non-

acceptance of the theories of "rich" and "poor" nations, of the "two superpowers", which are based on a denial or deliberate distortion of the opposite class nature of the two world systems. Relapses into these theories, energetically stimulated by the Right and Left opportunists in the communist movement, still affect some national democrats and cause a certain mistrust of socialist countries which is fanned by anti-communism, giving rise to the most isolationist variant of the slogan "reliance only on one's own forces", namely, the slogan of seclusion and exceptionalism.

Experience is the best teacher, and ultimately it leads national democrats to a proper understanding of the need for strengthening ties with socialist countries. A precise idea of how the prospects of successful non-capitalist development are linked with all-round co-operation with the world socialist system helps to create the best conditions for consolidating relations between socialist countries and national democracies.

The idea of non-capitalist development, put forward by Lenin and then materialised in the Asian borderlands of Russia and in Mongolia, at the beginning of the 1960s acquired a new resonance in documents of the international communist movement, and in the practical socio-economic development of many Asian and African countries. Many points in the problem of non-capitalist development may already be considered as ascertained, although many others have not yet been established.

Today, for example, hardly anyone doubts that the non-capitalist path does not yet signify socialism, that from the viewpoint of fundamentally and practically resolving the internal class contradictions, the advance towards socialism along this road cannot be regarded as fully guaranteed and that it does not rule out a turn toward capitalism. Moreover, the question of power, its class nature, is now of primary importance. It is recognised that the present non-capitalist path is not a repetition of the experience of the Mongolian People's Republic or the Soviet Central Asian Republics, that this is a specific variant of the movement towards socialism which so far remains without the direct leadership of Marxist-Leninist parties. Admittedly, all these are negative statements but they do throw light on the actual positive content of this phenomenon.

An important distinction of the non-capitalist path is the close, and in many respects contradictory, intertwining of *two stages of the revolution*: the general democratic, anti-imperialist movement, and the struggle for social progress. The aims proclaimed by a national-democratic government go far beyond the bounds of the anti-colonial revolution in its classical, bourgeois-democratic form. The new historical epoch draws together these two qualitatively different stages and results in a kind of symbiosis vested with some attributes of both the bourgeois-democratic and the socialist revolution.

The national-democratic revolution is no longer a bourgeois revolution because it is led by middle, intermediate strata, with the support of the working people. But it is not yet a socialist revolution led by the working class. This type of revolution, previously unknown in newly-free countries, leads to the establishment of a revolutionary-democratic dictatorship of semi-proletarian and middle strata, which opens up the possibility of non-capitalist development. It is a big step forward as compared with the bourgeois-democratic revolution which usually ends an unfinished national liberation movement and presupposes the accelerated development of capitalism on a national basis.

The boundary between these two stages of the revolution has not been obliterated. It is displayed above all in the nature of power, in the nature of the revolution's leadership. At the same time this boundary has become extremely mobile. In some countries general democratic reforms have been effected in such a radical way (the Arab Republic of Egypt, Syria, Burma and others) that they are associated with changes which were effected in different conditions at the first stage of the socialist revolution, when this revolution simultaneously accomplished democratic tasks. This, however, does not imply that countries of non-capitalist development have already embarked on the road of the full-scale building of socialism. This would be a hasty conclusion. In both the villages and cities of such countries there are great masses of the peasant, petty-bourgeois, semi-proletarian population imbued with a revolutionary radical spirit and attacking the interests of the privileged classes. Under these conditions, the political line largely reflects the aspirations of different groups of the middle strata. You cannot call these aspira-

tions consistently socialist, but you cannot deny their revolutionary, anti-feudal, anti-imperialist, anti-capitalist and democratic nature. What distinguishes the situation in developing countries is that proletarian revolutionism, for objective reasons, has not yet grown into a decisive social force; on the other hand, the revolutionism of the middle and semiproletarian strata (although it is not always consistent) is reinforced by political power and is gaining in strength. It is a kind of school in which the political views of the working people in the Third World are being moulded.

It would be naive to expect socialism to win under the leadership of representatives of the middle strata. But it would be deeply erroneous to deny that this force, given close ties with the masses and a realistic assessment of the internal and external factors, is able to accomplish many of the tasks facing developing countries and thereby prepare the ground, under certain conditions, for raising and solving the problems of the socialist revolution. One must consider the fact that in many, if not most of the developing Asian and African countries, there are no forces today more influential than national democracy whose prestige, organisation and support among the masses would enable them to head the struggle for realising the aims of the present stage of the revolution on a nationwide scale. By removing from power bourgeois, reactionary elements, the national democrats, particularly their Left wing, take on the job, so to speak, of preparing the conditions for building socialism in countries which have fallen behind in their economic development. This is the real substance of the non-capitalist path, which is to make general democratic changes, taking into account the socialist perspective.

All Third World countries have many common tasks: rapid economic, cultural and social progress, the building up of a modern industry on a national basis, land reform, the organisation of co-operatives, optimal use of private national and foreign capital, and so on. But attempts to solve these intricate development problems, in some cases, result in the stimulation of private enterprise, the strengthening of capitalist tendencies, and the formation of big capital, i.e., lead to the loss of the unique and short-lived possibilities of bypassing capitalism or its developed phases and, in other

cases, to restraining, to restricting capitalist tendencies, and to the possibility of a socialist perspective.

Only a state which relies in its policy on the working people can prevent the uncontrolled development of capitalism and, consequently, the new subordination of a country to imperialism on the neo-colonialist pattern. Such a state possesses a machinery and facilities of planning, control, and compulsion on a national scale; it has its own economic basis, namely, the growing public sector, and therefore is capable of applying an anti-imperialist and anti-capitalist policy of directing economic spontaneity into a definite channel and ensuring the social conditions for non-capitalist development. But a contemporary national-democratic state which participates in destroying the old and in shaping new social relations is somewhat limited in its possibilities because of its class nature, inadequate economic resources, heterogeneous social basis, and, lastly, the absence of guidance by Marxist-Leninist parties.

The class essence of political power and the class nature of national democracies are by no means factors situated in the same plane. In these countries political personnel for the state, party and military apparatus, as a rule, are provided by the intelligentsia, which is mainly bourgeois and petty-bourgeois in origin, habits and world view. A dictatorship effected by people who come from the middle and semi-proletarian strata, expresses the interests of a bloc of forces interested in carrying through to the end the struggle against imperialism and for social reforms. This bloc includes urban petty-bourgeois sections, peasants, workers and a part of the middle national bourgeoisie. It is thus a broad national front, a revolutionary dictatorship directed against imperialism, neo-colonialism and feudalism, against the power of big national capital and local reactionary forces.

The middle and petty bourgeoisie is interested in carrying out general democratic, anti-feudal and anti-imperialist measures. Even the public sector and state economic planning are no hindrance to middle and small national capital; on the contrary, in a certain sense they protect it from being swallowed up by big capital, help to withstand competition of foreign goods and create definite conditions for development. In all countries which follow the non-capitalist path and put an end to the exploiting tendencies of big capital,

important positions remain in the hands of middle and small enterprise in trade, the crafts and construction. This enterprise develops, it is assigned a definite part in coping with economic tasks and in supplying the population. Attempts for political purposes to undertake the unprepared, and therefore, unjustified curtailing of private enterprise have led to serious economic setbacks in a number of cases.

The non-capitalist path presupposes a mixed economy, with the public sector playing an increasing and ultimately decisive role. This provides an economic basis on which wide circles of the petty and middle national bourgeoisie are prepared to co-operate with national democrats.

The economic aspect naturally affects the class nature of government as well. The important feature of government in a national democracy is expressed in the formula widespread among Marxist researchers, according to which the bourgeoisie must be deprived of the monopoly of political power. This, however, does not mean that it is completely barred from power, although it undoubtedly does not exercise political leadership. Leadership of the national front is in the hands of the revolutionary and nationalist intelligentsia which is capable, relying on the working masses of town and country, of carrying out determined measures against the feudal and semi-feudal elements, against private foreign and national capital. The further deepening of socialist tendencies demands that the evolution in the relationship of social forces should steadily weaken the political positions of national capital and the conservative, pro-Western forces associated with it, and increase the influence of the working masses, and primarily the working class. This is one of the major objectives at the stage of non-capitalist development.

The present state of the theory of non-capitalist development and the experience accumulated by national democracy make it possible to give an adequate reply to the question of what the objective criteria of non-capitalist development are.

As regards the class substance of a state, the first feature of non-capitalist development, as pointed out earlier, is the fact that the big bourgeoisie is deprived of the monopoly of political power. It may be held that if power passes into the hands of radical forces which are not linked directly with

landowner and bourgeois circles and are infused with socialist ideals, there are prospects for non-capitalist development. But this is merely the first step. To stabilise and consolidate the non-capitalist tendency it is necessary to weaken and steadily oust the pro-imperialist, pro-bourgeois elements from the political sphere and simultaneously stimulate the working people to active participation in solving major political and socio-economic questions.

A progressive home policy is undoubtedly a major criterion of the non-capitalist path. One of the characteristic steps taken by a country that has embarked on this path is the implementation of a land reform by stages, which leads to the abolition of feudal and big capitalist land relations and to the giving of allotments to peasants having little or no land, to the development of diverse forms of the co-operative movement in the village. In industry the basis of a non-capitalist policy is provided by the gradual building up of a strong public sector both through nationalisation and through new construction. The state gradually assumes leadership of the country's economic life, utilising planning and financing and the organisation of state and mixed companies, concentrating in its hands the mineral and fuel resources, means of communication, banks, foreign and wholesale home trade, and so on. An essential aspect of social changes, effected within the framework of non-capitalist development, is the measures aimed at a gradual advance of the welfare and culture of the masses—abolition of unemployment and illiteracy, the fight against disease, and so on.

In foreign policy the distinctive feature of the non-capitalist path is the striving to abolish economic exploitation by imperialist states, to promote co-operation with socialist countries and to support the national liberation movement.

It is also possible to speak of criteria of non-capitalist development in the ideological sphere. Here substantial and increasing influence is exerted by the ideology of scientific socialism, specifically in the deep disclosure of the class and economic nature of imperialism, in relentless criticism of the exploiting essence of contemporary capitalism, and in non-susceptibility to the apologetic theories of bourgeois and Right socialist reformists, in understanding the role of the socialist system in the world revolutionary process and in the

desire to apply the scientific theory of the class struggle to the conditions of developing countries.

Proceeding from the experience of the Mongolian People's Republic and Soviet Central Asia, the conclusion may be drawn that the non-capitalist path of development of Afro-Asian countries, in view of the general acceleration of the revolutionary process in our time, will, apparently, last for several decades. In our epoch, with its big socio-political upheavals and frequent swift and unexpected shifts and turns of the revolutionary process, such long-term forecasting, naturally, cannot lay claim to precision. But one thing is beyond doubt: non-capitalist development is a natural stage of advance for a number of newly-free countries, a transitional stage which should be measured not in months but in many years.

One has only to consider the scale of the tasks which have to be accomplished on the non-capitalist road (it is a matter of traversing the colossal distance from early-capitalist and at times also early-feudal, patriarchal-communal society, enmeshed in the net of obsolete relations, superstitions and notions, to the threshold of socialism—and all this in the absence of direct dictatorship of the working class and leadership by Marxist-Leninist parties) to realise that the non-capitalist path constitutes an entire transitional epoch. Moreover, this is an epoch which necessarily abounds in keen political struggle and the incessant confrontation of opposite tendencies the coexistence of which—and one must be well aware of this—comprises the very substance of non-capitalist development.

There is no other way of resolving the contradictions of non-capitalist development except by *strengthening a country on positions of anti-imperialism, in alliance with the socialist community, and also the steady reinforcement of revolutionary-democratic, socialist tendencies*. This is a hundred times more difficult and involved than to hurriedly proclaim unrealisable slogans, to call for getting everything done in one fell swoop and to mouth "Left" phrases, which invariably lead the revolutionary forces to costly defeats. Only defeat can be the outcome of calls to renounce a united national front as the basis of non-capitalist development, to simplify its class structure, to renounce an alliance with some bourgeois sections, and even of calls to proclaim the

greatest slogan—dictatorship of the proletariat. Such adventurist slogans are put forth by Maoism which, speculating on their radical nature, tries to extend its influence in Afro-Asian countries.

Experience shows that national democrats everywhere, although not without an internal struggle in their ranks, reject Leftist adventurism. The experience of the world revolutionary movement, the experience of the international communist movement and the considerable experience of national democrats themselves convinces them that *without possessing a strong backing, without being able to rely on a well-organised working class, they must not reject even temporary allies or fellow-travellers*. This would lead to splitting the united anti-imperialist front, to strengthening the positions of reaction and to pushing into the enemy camp elements still capable of supporting an anti-imperialist policy. Such pseudo-revolutionary adventurism under slogans of socialism is capable of undermining non-capitalist development—the real prospect of an advance towards socialism open to countries which have fallen back in their economic development. This path presupposes the solidarity of all forces capable of contributing to the struggle against imperialism and for social progress.

For Lenin the struggle of the colonial peoples for national independence was part of the world revolutionary process, an important element in the social transformation of the world but not part of the world *proletarian* revolution. The socialist revolution and the national liberation movement are two revolutionary streams which are objectively designated for alliance with each other, which have a common enemy in imperialism and common interests. The possibilities of their co-operation are inexhaustible and new horizons unfold before them because, as Lenin foresaw, the national liberation movement, having once started the struggle for political independence, inevitably turns, if it is consistent and revolutionary, against imperialism in general and ultimately against capitalism as well. Therefore Lenin set the task of “combining” the two revolutionary streams. But to declare that the national liberation movement is a part of the proletarian revolution means not to combine, but to identify the two streams, thus ignoring the qualitative distinctions between the component parts of the revolutionary

process and also the correspondingly distinct tasks facing each of them.

The attitude to non-Marxian socialism in Asian and African countries is largely determined by the understanding of this link between the national liberation and proletarian revolutions. Should the national liberation movement be considered part of the world proletarian revolution, non-Marxian socialism in principle would be unacceptable, must be vigorously rejected, for in that case it would represent the penetration of notions into the proletarian socialist movement alien to genuine, i.e., to scientific socialism. If, however, the national liberation movement represents one of the streams of the social revolution, is of a general democratic nature, is a movement of the masses directed against imperialism, feudalism, the monopolies and reaction, in that case the existence within it of trends of non-Marxian socialism is perfectly natural. Some of them, revolutionary-democratic, inspired by the subjective socialist aspirations of proletarian and non-proletarian masses and the best of their leaders, undoubtedly enjoy, and will enjoy influence, at times even predominant influence, among the supporters of social progress and revolution.

Any evaluation of non-Marxian socialist trends in newly-free countries must therefore proceed from qualitative definition of the stage of historical development and, correspondingly, the strategic aims of the movement. Here is the basis for all possible theoretical divergences in the approach not only to the problem of non-Marxian socialism, but also to the national liberation movement as a whole. Here is the divide between the Leninist policy of co-operation with *all* the revolutionary anti-imperialist forces and the line which, as experience demonstrates, objectively leads to the isolation of the proletarian vanguard.

A realistic, revolutionary approach to the matter shows that socialism often has to be built not out of ideal material, such as can be represented only by an advanced working class, but from the imperfect material which the revolutionary finds in objective reality. As applied to most Afro-Asian countries, this means that the first concrete steps in the direction of socialism can be made with reliance on the non-proletarian mass, the peasantry, the pre-proletariat and the semi-proletariat. This mass so far is incapable objec-

tively of assimilating scientific socialism as a harmonious world view, but since it spontaneously strives for socialism and practically is opposed to capital, it can gradually be brought up to the understanding and assimilation of scientific socialism. In concepts of a petty-bourgeois type, which are likely to persist for some years in many Afro-Asian countries, Marxists bring out and nurture the shoots of genuine socialism. In our opinion, it is this line that is more correct. It proceeds from the principle that parties of national democracy, particularly their Left groups, starting from non-Marxist "national" socialism, are capable of advancing in the direction of scientific socialism and ultimately, in the course of struggle and elimination of contradictions, also of assimilating it.

Similarly contradictory is the economic aspect of the non-capitalist path. The emergence of a mixed economy and the parallel development of the public and private sectors inevitably imply struggle. The private sector tries to expand, to eliminate by all available means the restrictions imposed on it by the state, to circumvent the law, to find loopholes in it. In so doing, bourgeois elements quite often utilise corrupt persons in the state apparatus. The consequences of allowing private capital to develop are undoubtedly dangerous for the young shoots of the social economy—nevertheless, the private sector is an economic necessity in conditions of national-democratic countries. The non-capitalist path presupposes an economic policy which, alongside the restriction of private capital, would stimulate the swift economic growth of the social economy.

A scientific elaboration of an economic policy for non-capitalist development is a pressing task. So far this question is raised in Marxist literature in a general form, from the standpoint of its main principles and trends. But the time has come for a more concrete study and thorough analysis of the accumulated experience in the economic achievements and reverses of some developing countries.

The ideology of national democracy, too, represents an arena of tense struggle. The past and the future clash in it, it is influenced not only by scientific socialism, but also by the latest trends of bourgeois thought and the centuries-old traditions of religious notions which have struck deep roots among the masses, and which both the reactionary and

the progressive forces are trying to utilise in their interests.

The attitude to bourgeois trends is not in doubt. They are hostile to consistent anti-imperialism, social progress and revolutionary change. Moreover, they are by no means always engendered by internal conditions and are often introduced from the outside.

As for the revolutionary-patriotic world view, this attitude, insofar as it runs counter to scientific socialism, weakens the latter's influence on national democracy and leads to only some ultimate aims but not the scientific methodology being borrowed from scientific socialism. The question is asked at times, whether the positions of national democracy would not be stronger, were it to renounce the use in politics of the ideas of social equality and struggle against foreign oppression contained in Islam and Buddhism.

We cannot fail to see that in the specific conditions of developing countries proclamation of a struggle against a religious world view would inevitably doom to defeat any political force which seeks to win the confidence of the middle strata, urban dwellers and the peasant masses. In countries where the population is almost 100 per cent religious and 75-90 per cent illiterate, an appeal to the masses from atheistic positions is objectively unprepared and can only play into the hands of the enemy. The masses of the peasantry, artisans, urban poor, workers and civil servants would not follow such an appeal. Therefore, a national-democratic regime, even Left-wing democrats, have no other choice except to utilise, on the basis of a positive social policy, the motives of social equality and struggle against foreign oppression contained in the religious world view for their aims, that is, to gradually lead the masses to the understanding and implementation of a secular political and socio-economic programme.

Some countries of the Arab East and Asia have already witnessed not only open clashes between the revolutionary political power and the conservative clergy, but also attempts to direct the masses of fanatical believers against the national-democratic regime. In such cases the revolutionary-democratic dictatorship of the people takes all necessary measures—from explanatory work among the deceived masses up to and including measures of compulsion against the

counter-revolutionary forces which operate under the cloak of various fanatical sects or under the influence of reactionary leaders.

Religious views, especially in the East, have always comprised the basis of consciousness of the peasant masses and in some acute periods furnished material for struggle against feudalism, against foreign oppression and for national liberation. The utilisation of the traditional world view of the working people for justifying the struggle to abolish exploitation of man by man must not be ruled out today. It goes without saying that this presupposes a progressive interpretation of the basic principles of the traditional world view and a consistent and determined struggle against the desire of the reactionary forces to utilise the religious sentiments of the masses in their class interests.

Such are some of the intrinsic contradictions of the non-capitalist path which distinguish it from the direct implementation of the tasks of the socialist revolution. It would be wrong to regard these contradictions as temporary obstacles on the path of non-capitalist development and seek to remove them artificially. They will be eliminated only in the process of prolonged class struggle, they will disappear, together with the stage of non-capitalist development itself, when the conditions mature and the prerequisites arise for transition to the building of socialism. So far, however, the revolutionary democrats, like the supporters of scientific socialism, have no other means available to them except the constant accumulation and strengthening of the genuinely socialist forces and tendencies within the framework of intricate contradictions, in conditions of tense struggle for the progressive path of development.

* *

Such is the Marxist view concerning the immediate future of Asian countries. This exposition helps to bring out the scale of basic divergences from Myrdal's concept and shows certain areas in which mutual understanding is emerging. *The Challenge of World Poverty* holds out the hope that the logic of scientific studies and their objective analysis are gradually bringing Professor Myrdal round to more definite political positions. Myrdal's anti-colonialist critique is more distinctly directed against the chief exponents of

neo-colonialism, the US imperialists. He more vigorously denounces the brutal US intervention in Vietnam and points to the invariable support Western powers give to local reactionary regimes.¹ His analysis of the situation in Latin America (for all its disputable character and, as is now evident, sometimes erroneous and excessively pessimistic predictions), leads Myrdal to the general conclusion that the main cause of stagnation and warped development in this continent is rooted in the misrule of its Northern neighbour over a century and a half. The results—the majority of the population is denied all the benefits of civilisation, the onset of national disintegration, militarisation of regimes and the status of being poor relations of rich Uncle Sam—serve serious warning on the peoples of Southeast Asia about the inevitable consequences of US expansion, if it is not stopped.²

In this book, too, Professor Myrdal refrains from recognising the constructive and favourable consequences the Third World derives from co-operation with the socialist world. But as our colleague rightly remarks, “we are not working in an intellectual vacuum”.³ We are working in a world where the efficacy and power of human thought is asserted in all the diverse endeavours of man, classes, nations, of mankind as a whole. And it is in the struggle of all mankind for its free and bright future that the socialist world is increasingly becoming the decisive force.

¹ G. Myrdal, *The Challenge of World Poverty. A World Anti-Poverty Program in Outline*, pp. 432-35.

² *Ibid.*, pp. 453-54, et seq.

³ *Ibid.*, p. 450.

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